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BUSINESS DAILY

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Kenya Power on the spot over rising electricity cost

Energy regulator calls power distributor out for taking in expensive thermal energy instead of hydro

BY NEVILLE OTUKI

Electricity distributor Kenya Power has come under scrutiny from the energy sector watchdog for making operational decisions that have significantly increased the cost of power to consumers in the past two months.

The Energy Regulatory Commission (ERC) says Kenya Power's decision to increase the intake of expensive diesel-fired electricity to the national grid is negating its promise to keep power costs down.

In a letter to Kenya Power, the ERC says that heavy uptake of thermal electricity has raised the fuel cost levy for August power bills to the highest level this year and wants the power firm to revert to a mix that will stop the cost surge.

> **83MW**
> ■ Capacity of Triumph Power's plant in Athi River, which produces electricity using diesel generators.

"Cheaper hydro-power generation has not been aggressively pursued despite fairly good water levels," the ERC says, adding that it will be watching the power distributor closely "to avoid defaulting on our commitment to keep power costs down."

Reducing the cost of energy has been a key plank of President Uhuru Kenyatta's economic agenda that is aimed at making locally produced goods competitive in local and foreign markets as well as slowing down inflation.

Kenya Power has defended itself saying it bought thermal electricity from Triumph Power's 83-megawatt plant in Athi River, which was on a mandatory reliability test-run after becoming operational last month. The 30-day test-run ended on August 3.

"We also enhanced thermal generation in Nairobi during the GES to maintain reasonable voltages at various sub-stations and ensure reliable supply," Kenya Power managing director Ben KENYA POWER, Page 4»

BRIEFING

Taxman reverses order on exports to EA bloc

The Kenya Revenue Authority has reversed a directive compelling Kenyan traders to declare shipments to the east African market through its Simba system, ending a month of uncertainty.
Page 6»

Zimbabwe's G-Tel in phone selling deal with Airtel

Zimbabwean mobile phone manufacturer G-Telecoms has signed a contract-phone partnership deal with Airtel, after a snub by Safaricom which it had approached when it entered the country about three months ago.
Page 8»

Safaricom kicks out 58 fraudulent employees

BY GEORGE NGIGI

Telecoms operator Safaricom sacked 58 employees suspected of involvement in fraudulent activities in the year ended March, two more than the 56 it sent home the previous year.

The number of employees suspected of crime rose despite the drop by two thirds in the total number of financial crimes committed by employees during the same period.

Safaricom, which is Kenya's most profitable company, said it investigated 29 fraud cases in the year under review down from 89 the previous year and forwarded four to the police for public prosecution. The cases covered various types of frauds, including asset misappropriation, fraudulent expense claims and corruption cases.

"Disciplinary action was taken against all staff involved in misconduct and some cases were forwarded to the law enforcement authorities, leading to prosecution," the telecoms firm said in its annual report.

This means that FRAUD, Page 4»

The MarketPlace
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NEWS INDEPTH
Biotech firm Monsanto tests gene-silencing spray to control crop diseases
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RUNNING IN THE WILD

NAROK Participants at the start of the Masai Mara Half Marathon yesterday. Bernard Kitur beat a field of more than 200 runners to win the 7th edition of the race. MARTIN MUKANGU

TOP NEWS

Index to companies

Major companies cited in today's issue of the *Business Daily*

EAST AFRICA WEATHER TODAY

East Africa : forecast

	Nairobi	Kampala	Dar es Salaam
Mon	28°C	30°C	33°C
Tue	28°C	28°C	32°C
Wed	30°C	28°C	32°C

Sugarcane processor

Kisii **Henry Mokono, 68, mixes sugarcane juice at his farm in South Mugirango. Mr Mokono is part of a group of local farmers who opt to process their own sugarcane instead of selling the crop to sugar millers who often delay payments.** BENSON MOMANYI

What is making news **this week**

Monday August 17, 2015

East Africa microfinance summit opens in Nairobi

The Association of Microfinance Institutions in Kenya in collaboration with the East Africa Microfinance network are set to host the first East Africa Microfinance summit in Nairobi.

Over 500 delegates from the East Africa Community engaged in the microcredit sector, financial sector, governments, investors and donor agencies, education institutions and other stakeholders involved with microcredit will gather to promote best practice in the field, stimulate growth and share experience.

Stakeholders meet to take stock of EA productivity

The Eastern Africa Agricultural Productivity Programme (EAAPP) conference is expected to take place in Nairobi. The conference will among other things, discuss achievements in the last five years of EAAPP implementation in the areas of genetic resource management, integrated pest and diseases management, soil and water management, dairy feeding, access and use of technologies and value addition.

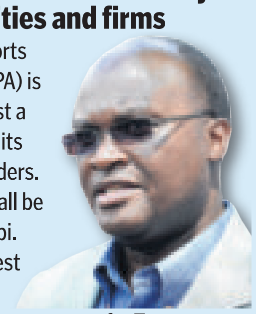
Tuesday August 18, 2015

First Lady set to launch Sh2 billion cancer hospital

First Lady Margaret Kenyatta together with the Health Cabinet secretary James Macharia, are expected to commission a Sh2 billion dedicated Cancer hospital on Kiambu Road. The hospital, being constructed by private investors, will offer the most sophisticated cancer diagnosis and treatment within Sub-Saharan Africa and is also touted to be a big boost for regional medical tourism.

Wednesday August 19, 2015

KPA hosts luncheon for key personalities and firms



The Kenya Ports Authority (KPA) is expected host a luncheon for its key stakeholders. The event shall be held in Nairobi. The chief guest will be the acting Cabinet secretary for Transport and Infrastructure James Macharia.

Kenya anaesthesiologists hold contest for regional workers

The Kenya Society of Anaesthesiologists is expected to host the scientific contest that brings together industry practitioners from the country. The theme for the 2015 annual conference is "Perinatal anaesthesia". There will also be pre-conference workshops in difficult airway, regional anaesthesia and ultrasound guided calumniation.

Thursday August 20, 2015

EA Tourism Development Forum meeting in Mombasa

Tourism players from around the region and key stakeholders in Kenya are expected to converge in Mombasa for three days to explore ways of unlocking East Africa's tourism potential through the creation of a joint marketing platform.

The East Africa Tourism Development Forum will be held under the auspices of the United Nations World Tourism Organisation (UNWTO). The forum, which will be chaired by the UNWTO secretary general Taleb Rifai, will host discussions concerning intra-Africa opportunities in tourism while strengthening regional cooperation.

Organisers say that 250 participants from 10 countries including Ministers from Kenya, Uganda, Tanzania, Seychelles, the secretary general of the East African Community among other senior staff from the sector are expected to attend.

Sycamore Solutions organises seminar for tax specialists

Sycamore Solutions is organising a two-day seminar focusing on corporate tax and deferred tax to enable companies be at ease with the computation of the tax expense —current and deferred - in the preparation of financial statements.

The seminar is aimed at finance staff, internal audit staff, tax specialists, business controllers and other employees with an interest in tax or involved in the preparation of financial statements.

DON'T MISS PAGES 27-31

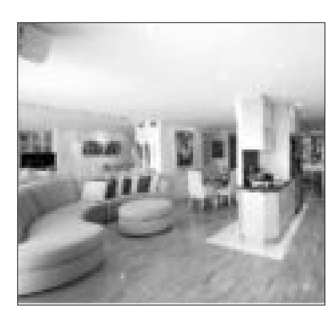
LIFE

MONDAYS - PERSONAL FINANCE

TUESDAYS - CONSUMER

WEDNESDAYS - HEALTH

THURSDAYS - INNOVATION



FRIDAYS - WEEKEND

RADAR SCREEN ■ BY MAKHTAR DIOP AND YUAN LI

OUTLOOK Continent needs skilled labour, conducive investment climate, infrastructure and agribusiness to sustain growth

Africa still poised to become the next great destination for investment

The commodities boom may be over, but sub-Saharan Africa is still experiencing growth, a remarkable fact considering that the continent is a net exporter of primary commodities.

By adopting sound macroeconomic policies over the past two decades and sector reforms, many African economies have already shown that they can sustain a trajectory of economic growth and beat the "resource curse."

Despite considerable external challenges, African countries are now seeking to demonstrate that they can weather the end of the commodity super-cycle and achieve more sustainable and inclusive growth by diversifying their economies, boosting productivity and adopting policies that aid the poor.

Five African countries were among the top 10 improvers globally in the 2015 Doing Business rankings for 2013/14. Overall, Africa accounted for the largest number of regulatory reforms — 5 of the 230 worldwide.

The continent has become the second most attractive investment destination in the world — ranking just behind North America — as investors are looking beyond the more established markets of South Africa, Nigeria and Kenya. Increased investment and industrialisation will help to unlock the potential for job creation and poverty reduction in African countries.

Foreign direct investment (FDI) in the region has hit a record $60 billion, five times its 2000 level. For example, Chinese FDI to Africa rose to $3.5 billion in 2013, and nearly all African countries are benefiting from China's participation today. In Ethiopia, total FDI inflows in 2013 accounted for two per cent of GDP.

Intra-African investment is also on the rise, creating a virtuous circle that encourages greater foreign investment. Investors in Africa nearly tripled their share of FDI projects over the last decade, from eight per cent in 2003 to 22.8 per cent in 2013.

The reason for this trend is simple. The world's eyes are turned toward Africa's market of one billion people, including a growing middle class. Investors also see significant opportunities to invest in Africa's non-commodities sectors: financial services, construction and manufacturing now account for 50 per cent of Chinese FDI in Africa. And while to-date relocation of manufacturing is relatively limited, the potential is significant.

> "The world's eyes are turned toward Africa's market of one billion people, including a growing middle class

With rising production costs in Asia, manufacturers have been looking at countries such as Ethiopia, Kenya and Rwanda. Today, China, Turkey and India are the top three job creators in Africa's manufacturing sector.

In an industrial zone outside Addis Ababa, the Chinese-owned Huajian factory — which opened in 2012 and became profitable in its first year of operation —reportedly plans to expand its workforce to 30,000 as part of a $2-billion investment, one more indication that "made in Ethiopia" could become the next "made in China." But can Africa become a global outsourcing hub? Only if the right conditions are in place.

Africa needs a skilled labour force

The sub-Saharan region will see more people joining the labour force in the next 20 years than the rest of the world combined. How will Africa reap the benefits of this demographic transition? The burgeoning working-age population will need to be gainfully employed, and significant investments must be made to support education and provide this "youth bulge" with the necessary skills to meet market demands.

To that end, African countries and institutions are stepping up efforts to close the skills gap and capitalise on growing FDI flows to build greater technological capability, enrol more students in science and technology disciplines, and strengthen science and mathematics education at all levels. The ratio of scientists and researchers in sub-Saharan Africa stands at just 79 per million population, compared to a world average of 1,081 per million. Similarly, only 22 per cent of African university graduates are emerging with degrees in the "STEM" disciplines, compared with a 40 per cent ratio in China.

China Road and Bridge Company workers constructing a section of the standard gauge railway. FILE

To equip young people with the skills needed to sustain Africa's decade of economic growth, 19 regional Centres of Excellence have been created in western and central Africa with World Bank support, and more are on the way.

And this month, the governments of Senegal, Rwanda and Ethiopia have partnered with business leaders to launch a regional innovation fund that will support 10,000 scientists. Vocational education geared to the demands of the private sector, another strategic priority, could also be addressed by establishing "school-based factories" and "factory-based schools."

A more conducive investment climate

This will require not only lowering transport and energy costs, but also eliminating formal and informal barriers to trade; increasing the flexibility of labour markets; and ensuring effective competition policies.

By improving its regulatory structure for business, Rwanda — a country lacking natural resources — has seen its FDI increased more than threefold in the past five years. Increasingly sophisticated regional and global manufacturing supply chains demand cross-border predictability, transparency, reliability and accountability.

Sub-Saharan Africa's activity stands at two per cent of total world trade, even though trade flows have expanded by 10 per cent per year since 2000. The African Union's Comprehensive Free Trade Agreement and single air-transport market, both to be in effect by 2017, place regional integration and trade at the centre of the continent's progress. The good news? Africa is one of the most integrated regions in the world, ranking behind only Europe and Southeast Asia for economic integration.

Africa needs infrastructure

Although Africa is considered the next frontier for investors, future growth will depend on productivity increases and higher private investment to bridge the infrastructure gap. Sub-Saharan Africa, where infrastructure financing needs are estimated at $93 billion a year for the next decade, won't be able to compete with other regions without roads and universal access to electricity, as well as enhanced ICT.

In a region with limited participation in global trade, road freight moves no faster than a horse-drawn cart, and major ports are chronically choked due to lack of capacity. As trade volumes increase, demand for container traffic will increase by an average of six to eight per cent over the next 30 years, according to the African Development Bank.

Inadequate power supply remains the most serious infrastructure challenge. Regular power outages cost the African economy as a whole between one and four percentage points of GDP. Further, only one in three Africans has access to electricity, and those with power access typically pay up to seven times more than consumers elsewhere.

It is estimated that China's investment in its own physical capital may account for 50 per cent of China's growth over the past few decades. Today, two-thirds of roads in China are paved, compared with one-third in Senegal and just seven per cent in Kenya.

At present, the concentration of investments in relatively short-term maturities reflects investors' reluctance to engage in sectors such as infrastructure, where the returns are spread over a longer time frame, yet the rate of return on foreign investment is higher in Africa than in any other developing region. Right now, all the multilateral development banks together make up about five to 10 per cent of the overall annual spending in infrastructure.

Africa needs agribusiness

It is also time to accelerate the continent's progress in boosting agricultural productivity and promoting growth in the places and sectors where the poor live and work. Agriculture still employs 60 to 70 per cent of the workforce but accounts for less than 20 per cent of total value-added. Despite substantial policy commitments, productivity in the agriculture sector remains disappointing. Supporting smallholders through investments in improved technologies, rural financial services and better access to markets is vital. Agriculture and agribusiness are expected to become a $1-trillion industry by 2030.

Kenya is now the third-largest exporter of cut flowers in the world, with the industry employing more than 500,000 people. According to the Kenya National Bureau of Statistics, the floriculture industry exported 136,601 tons of the product in 2014 and now accounts for 1.3 per cent of the country's GDP. But Kenya is adding more than half a million people to the labour force every year, so massive job creation is required.

To boost responsible investment on the continent, the government of Ethiopia, China Development Bank (CDB), the World Bank Group (WBG), and the United Nations Industrial Development Organisation (UNIDO) have joined forces to host the "Investing in Africa Forum," in Addis Ababa on June 30 and July 1. Policy makers, development partners, and foreign and local private investors will discuss what it will take to make Africa the next great investment destination.

The bottom line? It will take partnerships between governments and the private sector, between African countries and their neighbours, between Africa and non-neighbour countries, and between Africa and its development partners. Africa has a unique opportunity to attract strategic, job-creating investment. The time for action is now.

Makhtar Diop *is World Bank vice-president for the Africa Region.* **Yuan Li** *is executive vice-president, China Development Bank*

Kenya Power on the spot over high electricity cost

»From Page 1 Chumo said of the three day summit that was headlined by US President Barack Obama last month.

The ERC receives monthly data from Kenya Power showing the cost and units of electricity it purchased from power producers and sold to consumers.

The energy regulator uses data from the previous month to guide its next review of fuel cost levy, inflation charge and forex adjustments in monthly power bills.

Kenya Power also argues that it had limited options in its sourcing of electricity after several geothermal plants in Olkaria shut down last month for maintenance and others broke down.

This saw the utility firm turn to expensive thermal generators, at a time when fuel prices had risen steadily as the shilling weakened against the US dollar.

The ERC's letter suggests that Kenya Power may have deliberately opted to take in more of the expensive thermal power to the detriment of consumers despite the availability of cheaper hydro-power in the market.

Thermal power is mainly generated by independent power producers (IPPs) that sell it to the distributor at markedly high prices, besides getting full reimbursement for costs incurred in fuelling their generators.

Kenya has in the past couple of years raced to increase its output of renewable and cheaper electricity, adding at least 280 megawatts of geothermal power to the grid – a development that has helped push the fuel cost element in power bills to the lowest levels in a decade.

Increased uptake of the cheaper geothermal power on the national grid saw the ERC pledge in April to maintain the fuel surcharge at between Sh2 and Sh3 per unit to stabilise costs of domestic consumers and enable manufacturers monitor their cost of production — a critical element for stability of commodity prices.

> "Ultimately this will be resolved by having an independent system operator.
>
> JOE NG'ANG'A, ERC DIRECTOR GENERAL

But the levy has increased for the second month in a row, hitting a nine-month high of Sh3.11 per unit this month.

The levy – linked to the amount of power generated from thermal sources and supplied to the national grid – takes up the largest share of variable costs in power bills. Electricity prices have a direct bearing on inflation, which stood at 6.62 per cent last month, a few points shy of the government's preferred ceiling of 7.5 percent.

Thermal power purchased by consumers last month jumped to 150.9 million units from 115.6 million in June and 106.2 million in May, explaining the cause of rising power bills and the ERC's concern. The Kenya Electricity Generating Company (KenGen) sells its geothermal electricity to Kenya Power at Sh7 per unit ($0.07) – more than half what diesel-run generators charge at Sh19.2 per unit.

Kenya Power managing director Ben Chumo. FILE

But the ERC, in a meeting held on July 14, directed Kenya Power and KenGen to mitigate a further rise in fuel cost levy by increasing hydro-power generation, which is the cheapest energy source at Sh3 per unit.

"The Masinga Dam (KenGen's main reservoir) is 79 per cent full which is fairly good to sustain generation until the next rainy season," said ERC director-general Joe Ng'ang'a.

The two state-backed agencies heeded the advice and enhanced hydro-power generation from July 25 for dispatch to the grid, raising questions why it had to take the ERC's intervention for them to act. Records indicate hydro-power purchased last month grew to 305 million units from 297 million in June while geothermal energy shrunk to 353 million units from 361.7 million.

To boost scrutiny, the ERC is moving to automate its systems to enable it track power purchase, generation and sales to consumers in real-time.

"We don't want to be waiting for data every month from Kenya Power to make decisions thereafter based on the explanations we get," said Mr Ng'ang'a, adding that some of KenGen's shutdown of plants were unplanned.

KenGen's managing director Albert Mugo did not respond to our calls and queries on the subject.

Asked why the ERC approved the fuel levy increases Mr Ng'ang'a said "the agency had no choice but to accept the explanation Kenya Power gave", exposing the shortcomings in the current arrangement where the ERC acts in hindsight.

Higher energy costs, especially for commercial and industrial consumers, often push up commodity prices and blunt the competitiveness of manufacturers in foreign markets.

It is also a critical competitive market factor, which investors consider before setting up operations in any country.

Kenya is seeking to attract Sh150 billion annually in foreign capital inflows for jobs creation and growth with the government betting on low cost of doing business and elimination of red tape.

At an average of Sh15 per unit, electricity tariffs for manufacturers are still high with costs eating into their margins, according to the Kenya Association of Manufacturers.

The ERC said there were plans to take away Kenya Power's role of buying power and award it to an independent player for the utility firm to concentrate on fixing its ageing infrastructure for efficient distribution and supply.

Mr Ng'ang'a said that, for instance, there have been situations where KenGen has had sufficient hydro-power only for Kenya Power to fail to evacuate it in full due to constraints in its ageing infrastructure, condemning consumers to higher bills.

"Ultimately this will be resolved by having an independent system operator who will be in charge of buying power from the cheapest source without constraints," said the director-general.

In the arrangement, which will take effect with the enactment of the Energy Bill, the independent firm will shop around for cheaper power including from neighbouring power-rich Ethiopia for sale to consumers at expected lower rates.

Kenya Power's scope would be reduced to distribution and infrastructure maintenance, a proposal modelled on Britain. The decision is likely to shrink the bottom line of the Nairobi Securities Exchange-listed utility.

"The weakness of having Kenya Power handling the role is that someone may not be necessarily fair to whom they decide to buy power from," said Mr Ng'ang'a.

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Safaricom sacks 58 employees for engaging in fraud

»From Page1 for every fraudulent incident the company fired two people compared to the previous year when the ratio was less than one firing for each fraudulent activity.

The new trend points to rising collusion among employees to commit crime in a tighter working environment that needs networking to commit a crime.

Safaricom, which is East Africa's largest company by asset base, also gave disciplinary warnings to 13 employees.

The telecoms giant last year cemented its anti-corruption stand with the termination of a multi-million dollar tender it had awarded the Lebanese company Mobinets SAL, citing bribery of its staff in the allocation of the contract.

Mobinets had been contracted to supply, instal and maintain a system to manage network planning, configuration tools, inventory and work flow but lost it after it was accused of colluding with Safaricom employees to win the tender.

Safaricom requires all its employees to undergo ethics training at least once a year, focusing on anti-corruption and bribery initiatives. The company has in the past three years consistently reported employee fraud and actions taken, with last year's dismissals taking the total to 169 employees in three years, 39 of which were forwarded to the police for criminal prosecution.

Other institutions such as KCB have followed suit with consistent reporting of fraud and actions taken against employees involved. KCB last year reported that it had sacked about 90 employees suspected of engaging fraudulent activities in the 2013-2014 financial year.

Early this year, CIC Insurance reported that it had dismissed eight managers suspected of involvement in fraudulent activities.

Safaricom and KCB are, however, the only companies that have incorporated fraud reporting in their financial statements. Most companies have preferred to remain silent on economic crimes fearing the damage that such reports may cause their brands especially those operating in sensitive areas such as financial services.

The Kenya Bankers Association (KBA) had announced plans to create a database for fraudulent bank employees but this is yet to happen. The creation of such a database would, however, come with legal landmines for the companies whose former employees are declared innocent by the courts of law.

Last year, international audit firm Ernst and Young rated Kenya's private sector among the most corrupt in the world. The survey conducted in 59 countries ranked Kenya behind Egypt, Nigeria and Namibia as economies where private sector corruption is most pervasive and distorting of tender award processes.

More than a quarter or 27 per cent of the chief executives, financial controllers and internal auditors surveyed in Kenya cited high levels of fraud in their companies — only lower than 44 per cent in Egypt, 30 per cent in Nigeria and 28 per cent in Namibia.

EY in its survey did not determine the amount of money paid out in bribes or lost in fraud, arguing that it was futile to ask because of rampant understating.

It is, however, estimated that companies lose between seven and eight per cent of their revenues to corruption, translating to loss of millions of jobs every year.

Asset misappropriation and accounting fraud were identified as the vices that afflict companies the most.

In May this year Haco Industries fired its managing director for falsifying accounts but opted not to press any legal charges, arguing that there was nothing criminal about their action but rather procedural mistakes. The management was said to have cooked their books in efforts to show they had achieved their targets, earning them a bonus.

Companies that have in the recent past battled with accusations of cooking their books include sugar miller Mumias, Dubai Bank and family-owned retail chain Tuskys Supermarkets, painting a gloomy picture of the state of corporate governance in Kenya.

Surveys have found that corrupt practices are mainly driven by middle-level managers, especially men aged between 35 and 45. This means that if they survive and rise to top management level they do not have authority to tackle the practices.

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KRA reverses order on exports to EA bloc

DIRECTIVE Authority had directed Kenyan traders to declare their shipments through its Simba system

BY ALLAN ODHIAMBO

The Kenya Revenue Authority has reversed a directive compelling Kenyan traders to declare shipments to the east African market through its Simba system, ending a month of uncertainty.

The withdrawal of a directive issued to exporters and clearing agents last month took effect on Friday.

"All such goods will now be declared under the Single Customs Territory procedures only", Mr Julius Musyoki, KRA's acting Commissioner of Customs and Border Control, said on Friday.

> All such goods will now be declared under the Single Customs Territory procedures only
>
> JULIUS MUSYOKI
> TOP KRA OFFICIAL

The taxman on July 2 ordered traders servicing the EAC markets to declare their exports on the Simba cargo clearance system amid concern over a backlog of tax refunds claims, which have remained a thorny issue for KRA and the Treasury with traders pushing for reimbursement of money owed to them. Delayed payment of tax refunds has forced some businesses to borrow from banks in order to meet their cash flow needs, adding to the high cost of doing business in Kenya.

"In order to facilitate VAT refunds pertaining to exports destined to East African Community (EAC) partner states, all exporters or clearing agents will now be required to declare their exports through the Simba system while importers in the country of destination will continue lodging import entries in the ASCYUDA/TACTIS system," KRA said in a notice to traders and agents on July 2.

As at December last year the government owed traders about Sh30 billion in VAT refunds accumulated over the years partly due to lack of a reliable system to capture and audit claims by the business community. The Treasury has however since began processing some of the refunds. Sources at KRA said the agency opted

Trucks enter Uganda at the Busia border crossing point. Kenya lacks an integrated customs management system aligned with those used by other EAC states. FILE

to reverse the order to avoid confusion given the fact that most goods are now traded on the seamless Single Customs Territory (SCT) window.

Kenya currently lacks an integrated customs management system aligned with those used by other EAC partner states. KRA is procuring a new system to be interlinked with those used by EAC partners.

Tanzania uses the Tanzania Customs Integrated System (TANCIS) while Burundi, Rwanda and Uganda use the Automated System for Customs Data (ASYCUDA) while Kenya has the Simba system. This has made it difficult to track the movement of goods, clear levies or stay updated on tax refunds at a time when the bloc is moving to fully adopt the SCT arrangement — which allows for joint collection of customs taxes by the EAC partners.

Under the SCT deal that began on April 1, 2014, clearing agents within EAC have been granted rights to relocate and carry out their duties in any of the partner states as part of a strategy to improve the flow of goods and curb dumping.

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Auditor-General queries value of KICC parking bay

BY EDWIN MUTAI

Auditor-General Edward Ouko has questioned the correct value of land commonly referred to as Comesa parking area at the Kenyatta International Convention Centre (KICC) grounds in Nairobi.

Mr Ouko said the declared KICC property, plant and equipment balance of Sh2,778,173,000 as at June 2014 include the value of land of Sh1 billion, which excludes the Comesa parking area and the court yard on which the first Kenyan President Jomo Kenyatta's statue stands.

"In the circumstances, the correct value of land has not been disclosed in the financial statements as at June 30, 2014," he said.

In a qualified audit opinion of KICC books of account for the year ending June 2014, the Auditor-General also questioned ownership of the land on which Garden Square restaurant stands.

He said the restaurant land is under dispute between KICC and the City Hall.

"However, a letter from the Chief of Staff and Head of Public Service...Ministry of Land, Housing and Urban Development clarified that the land in dispute (Garden Square) is already gazetted as a monument and part of the Kenyatta International Convention Centre," Mr Ouko said.

Kenyans in Japan eye diaspora bond with new joint investment company

BY GEORGE OMONDI

Kenyans living in Japan have set up an investment vehicle to pool together resources ahead of the government's plan to float a diaspora bond next year.

The Afro-East Investors Company founded in Tokyo also targets investments in real estate, manufacturing and information technology (IT) as Kenyans abroad seek active role in the economy.

To join the company, Kenyans in Japan have to pay a membership fee of Sh5,000 each and buy a maximum of two shares per person at a cost of Sh25,000 each.

The move to form an investment vehicle comes after President Uhuru Kenyatta visited Tokyo in March and asked Kenyans there to prepare for a diaspora bond to be floated in 2016.

"This bond will not only be a valuable avenue for investments in Kenya but will also ensure maximum participation by the diaspora in the development of national infrastructure," said Kenyan ambassador to Japan Solomon Maina in a statement.

The decision to form the investment firm represents a departure from the tradition where Kenyans abroad have tended to invest their money in individual ventures.

President Uhuru Kenyatta with Kenyans living in Japan during his tour of the country in March. PSCU

Dr Emmanuel Mutisya, the chairman of lobby group Kenyans in Japan, was elected to act as the Afro-East Investors Company's board chairperson.

The lobby comprising mainly professionals in IT, engineering and medicine, said apart from the bond, the proceeds would also be invested in various assets back home in line with the firm's memoranda of association.

"The members are also expected to be meeting annually to receive their dividends and to discuss the way forward for the next financial period," reads a statement posted on Kenya's Tokyo embassy website.

President Kenyatta had in March asked Kenyans in Japan to pool resources so as to "maximise on such an opportunity which the diaspora bond will offer."

The lobby members, on the other hand, asked the president to press for setting up of a data bank of professionals in the diaspora "so that the government can easily tap into existing expertise and professional competence amongst Kenyans abroad for national development".

Nakuru clears varsity to build Sh2bn hostels, housing units

BY MAGDALENE WANJA

Nakuru County has cleared Mt Kenya University to build hostels and residential homes worth Sh2 billion.

The mega project is aimed at providing students with affordable self-contained accommodation during their study at the university's Nakuru campus. It involves the building of a study complex, shopping mall, roundabout beautification and establishment of a farm to be used for animal health education.

Speaking when he received the approvals from Governor Kinuthia Mbugua, the university's founder Simon Gicharu said the project would not only benefit students but also the community.

"We shall be investing over Sh2 billion in expansion of our university facility in Nakuru. We have also purchased land in Kisulisuli area where low cost houses will be put up and also a shopping mall," he said.

Living standards

Mr Mbugua said the investment would create employment for hundreds of youths, adding that his government would continue to support such initiatives in order to uplift the living standards of the residents.

"Although the price of land is determined by demand, the county government has made it realistic for the investors in order to meet the need for housing in the county," said the governor.

Nakuru County has shortened the time taken to approve development projects.

"Now it takes developers 30 days or less to have their projects approved by the county government of Nakuru.

"I also urge other regulatory authorities such as National Environment Management Authority and the Kenya Construction Authority to make it easy but still professional for the approval," said Mr Mbugua.

Mt Kenya University founder Simon Gicharu (left) with Nakuru governor Kinuthia Mbugua at county chief's office on August 4. SULEIMAN MBATIAH

Centum CEO rises to top ten shareholders with stock purchase

OUTLOOK Chief executive says he is looking to become a sizeable shareholder in the NSE- listed investment company

BY VICTOR JUMA

Centum's chief executive James Mworia has acquired four million shares worth Sh207.4 million in the investment company, breaking into the list of the firm's top 10 shareholders.

The latest stock market filings for June show Mr Mworia is now the fourth largest individual shareholder with a 0.61 per cent stake in the Nairobi Securities Exchange (NSE)-listed firm.

"I bought the shares in the open market. My goal is to become a sizeable shareholder in the company," Mr Mworia said without specifying to what level he would like to raise his stake. "It definitely shows my confidence in the company," he added, echoing the view that share purchases by senior executives is a reflection of their confidence in the companies' future prospects.

This is based on the fact that the high-ranking staff have deep insights into the financial position, risk and operations of the companies they lead. Such purchases, when done in the open market, could also be an indication of senior executives' belief that their stocks are fairly or undervalued.

Centum CEO James Mworia during a past event. Stock market filings for June show that he now ranks among the ten biggest investors in the investment company. FILE

Significant purchases

Mr Mworia joins Centum's top owners including Mr Chris Kirubi who has the single largest stake at 26 per cent and billionaire investor John Kibunga Kimani whose equity stands at 0.9 per cent.

The Centum CEO also joins the ranks of executives who own shares in the publicly traded firms they lead. Mr Frank Ireri, the CEO of Housing Finance, and Michael Matu (Olympia Capital) are some of the executives who have a piece of the companies they manage.

These executives are, however, still far from joining the club of billionaire shareholder CEOs where Equity Group's James Mwangi, Scangroup's Bharat Thakrar, Co-op Bank's Gideon Muriuki and ARM Cement's Pradeep Paunrana belong.

Mr Mworia has in the past held and sold small volumes of Centum's shares, with his latest significant purchases read as a signal of his confidence about the company's future outlook. In 2012 his interest in the investment firm stood at 0.02 per cent.

Centum posted a 160 per cent growth in net profit for the year ended March, helped by a huge gain that it booked from the sale of its stake in insurance group UAP Holdings.

Its net profit in the period stood at Sh7.9 billion compared to Sh3 billion the year before.

The firm earned Sh5.2 billion from the sale of its 13 per cent stake in UAP to Old Mutual, booking a gain of Sh2.8 billion in the transaction.

The company also exited two investment funds (Helios and Nigeria-based African Capital Alliance) in a Sh500 million transaction, from which it reported a gain of about Sh100 million.

Centum plans to exit investments in which it holds minority stakes.

Capital-intensive

Exiting UAP supplemented Centum's other positive revenue inflows from sectors such as energy, fast moving consumer goods, financial services and the lucrative real estate.

The company intends to further diversify into more sectors including education, often relying on joint ventures with international investors to fund capital-intensive projects.

Centum, for instance, is set to venture into the regional education sector after partnering with a Dubai-based PE firm and global school brand Sabis to launch 20 institutions in the medium term.

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Maralal Energy plans Sh4.5bn wind electricity plant in Meru

BY MUGAMBI MUTEGI

Maralal Energy Limited is set to build a wind power plant in Meru at a cost of Sh4.5 billion, becoming the latest firm to target the county with investment in renewable energy.

The privately-owned Kenyan firm has in regulatory disclosures indicated that it plans to spend Sh4.5 billion to install the wind farm that is to be linked to the national grid.

This is the latest wind farm project being set up in Meru County, with Kenya Electricity Generating Company (KenGen) and Bluesea Energy currently undertaking projects that will together have a 500MW output.

"Maralal Energy Limited intends to develop wind turbines to generate 60MW of electricity and supply to the national grid," the firm notes in filings with the National Environment Management Authority (Nema).

"The proposed wind power farm will have an inter-connection point to the Ketraco (Kenya Electricity Transmission Company) grid, whose sub-station is within two kilometres from the project site."

The project site is in Buuri Constituency, about eight kilometres south of Isiolo and 25km north of Meru town.

The *Business Daily* could not immediately establish detailed information about the project's owners, including when the company was established, the source of their funding and if Maralal Energy has undertaken similar projects.

On LinkedIn, a Mr Nayan Savla lists himself as the owner of Maralal Energy, a five-year-old firm that deals in "wind and solar" solutions.

The company's filings with Nema indicates that the firm has leased an undisclosed size of land from more than 400 farmers in the area. The project is expected to take up to 24 months to complete from the date of approval.

"The proposed project will generate 60MW from wind turbines and contribute to meeting electricity demand and minimizing the dependence on hydropower, biomass and fossil fuel for power generation," the firm noted.

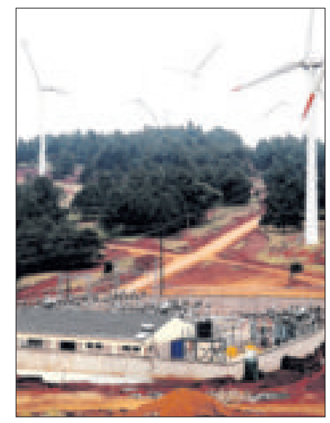
Meru's profile as a preferred destination for investment in wind power generation is growing, with several multi-billion shilling projects in the pipeline.

Power generator KenGen is set to develop a 400MW multi-billion-shilling wind power farm in Meru, adding to its growing portfolio of renewable energy sources. The first phase of this project, which is expected to complete by December 2017, will generate 100MW at a cost of Sh27 billion ($270 million).

KenGen also operates a 25MW wind farm in Ngong'.

Nairobi-based Bluesea Energy, which was formed in 2009, is to generate 200MW of wind power in Meru and Isiolo (100MW) and Lambwe Valley in South Nyanza (100MW) by 2017.

Windlab Developments of South Africa is contemplating investing $100 million in a wind project, an intent it made public during an international investors conference in Meru in June.



A wind power farm under construction in Kajiado on July 24 last year. FILE

About the project

■ The wind farm in Buuri Constituency will generate 60 megawatts of power and supply the national grid.

Safaricom finance chief sells Sh24m shares

BY VICTOR JUMA

Safaricom's chief financial officer (CFO) John Tombleson has traded 1.6 million shares of the telecoms operator worth Sh24 million, cashing in on the firm's share price rally on the Nairobi Securities Exchange (NSE).

Mr Tombleson did not feature in the list of Safaricom directors' shareholding as disclosed in the latest annual report, indicating that he either sold or transferred his interests to other parties.

The CFO first bought into the telco in the year ended March 2013 when he acquired 600,000 shares alongside the CEO Bob Collymore who had bought a cumulative 600,000 shares.

Mr Tombleson later raised his ownership to 1.6 million shares last year before trading them in recent months when the firm's shares had rallied significantly from their 2012 levels.

Mr Collymore also bought additional shares to reach a total of 908,000 shares to rank as the director with the second highest number of shares after Michael Joseph who has 2.3 million shares.

The share price has gained more than five-fold from an average of Sh3.3 in April 2012 to hit an all-time high of Sh16.75 in April this year.

The stock has receded slightly since then to close at Sh15 on Friday, still offering a profitable exit to investors including those who bought at the 2008 initial public offering (IPO) price of Sh5.

While executives sell stocks in their own companies for personal reasons, the market usually interprets such moves to indicate that the shares may be overpriced.

Safaricom chief financial officer John Tombleson. FILE

Zimbabwe's G-Tel in phone selling deal with Airtel

PACT The model, where buyers pay in instalments, is popular in US and Europe

A customer is served at an Airtel shop in Nairobi. Under a new deal, G-Telecoms will sell contract phones to Airtel customers. FILE

BY SIMON CIURI

Zimbabwean mobile phone manufacturer G-Telecoms has signed a contract-phone partnership deal with Airtel, after a snub by Safaricom which it had approached when it entered the country about three months ago.

Under the deal, G-Telecoms will sell contract phones to customers who will be hooked onto the Airtel network, and pay for the handsets in monthly instalments.

Buyers of G-Tel smartphones will get pre-set airtime, SMS and data bundles for use every month.

"We have signed with Airtel to sell their airtime with our products, that is why our devices come with airtime because of the deal we have," said the G-Telecoms Kenya CEO Virgil Musvosi in an interview. The company had initially intended to sign a deal with Safaricom which, however, did not work out.

Contract phones, where buyers pay in instalments, are a popular concept in the US and Europe but are not common in Kenya where mobile handsets and airtime are sold separately.

G-Telecoms is a family-owned business with a manufacturing plant based in China. The firm has been in the phones industry since 2008, focusing on the Zimbabwean market until its entry into East Africa in May.

Mr Musvosvi said the partnership with Airtel was also informed by the telco's big network in Africa, which would ease its entry in countries where Airtel already has a presence. "We are bringing in the Europe and USA model where subscribers can choose repayment packages that fit their pockets ranging from Sh1,900 to Sh5,990 per month, we are not competing for retail space but rather building our own business line," he said.

"For each device bought the customer gets 400 free minutes of airtime spread across all networks, 200 SMS, 3GB of data per month, free WhatsApp, Facebook, Instragram and free G-mail for a period of one year," added Mr Musvosvi.

There is no timeline on when the partnership with Airtel will end.

G-Tel mobile phones are not locked to Airtel subscribers. They are also open for use on other mobile service networks. The company has projected a sale of 300,000 units in Kenya by June next year when its financial year ends. It plans to open three shops in Nairobi and two in Mombasa within two months and expand operations to Nakuru, Eldoret and Kisumu.

Customers will also be given new upgraded phones whenever the company introduces a new device, while retaining the ones they already have.

G-Telecoms will also open a research and development centre in Nairobi which will be used to develop software as well as design phone features that will later be sent to China for production.

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WTO forum to boost Nairobi hotels, tourism

BY DOREEN WAINAINAH

Nairobi hotels are set to benefit from yet another major boost when an estimated 5,000 delegates congregate in the capital for the World Trade Organisation (WTO) meeting.

Kenya will host the 10th edition of WTO's Ministerial conference in December, which comes just five months after US President Barack Obama's July visit boost the hoteliers.

The event, to be held at the Kenyatta International Conference Centre, is expected to attract delegates from 100 countries. During the pre-event briefing session held in Geneva, Switzerland, the WTO member states were represented by over 300 delegates, many of who are expected to be in Nairobi.

'We are certain that our joint efforts will translate to converting the delegates to tourists during the pre and post conference events," said Kenya Tourism Board CEO Muriithi Ndegwa in a statement.

Kenya won the bid to host this year's edition after Turkey dropped out of the race. The ninth edition of the biennial event was held in Indonesia in 2013.

New KCC resumes milk exports to EA markets

BY GERALD ANDAE

Nixon Sigei, the New KCC managing director. FILE

New Kenya Cooperative Creameries (New KCC) has resumed exports to neighbouring countries following an increase in milk supplies.

The State-owned dairy firm said it is exporting long life milk products to South Sudan, Tanzania and Rwanda.

New KCC had stopped exporting to the neighbouring countries early this year when a shortage of raw milk supplies meant it only had enough to meet local demand.

The processor had also cut back production of ghee, cheese and butter by 20 per cent due to a biting milk shortage arising from unfavourable weather. New KCC's managing director Nixon Sigey said the exports resumed two months ago after milk volumes reached the required threshold that would allow an increase in production of the long life products.

"We have resumed regional exports for our long life products after the supplies of milk from farmers increased significantly," said Mr Sigey.

He said the company was still building up stocks before starting exports to the Middle East. New KCC plans to export milk to Qatar and Dubai. The firm relies on long-life products to boost its income.

It earns Sh400 million annually from the export of these products which include powder and UHT milk.

The firm is also expanding its Eldoret plant by installing a Sh70 million plant for production of UHT milk to cater for growing demand in the region. The Treasury has allocated Sh400 million to the New KCC to set up a powder milk plant in the current financial year. Statistics from the Kenya Dairy Board (KDB) indicate that the milk intake in May grew to 45.2 million kilogrammes from 34.5 million kilogrammes the previous month.

Shortage of the commodity saw the consumer price of a 500ml packet of long-life milk rise to Sh60 from Sh50, with fresh milk retailing at Sh50 from Sh42. The price has since dropped to following increased supplies of the raw product by farmers.

Mr Sigey said the company was converting excess milk into powder for future use.

Powder milk is reconstituted to the liquid form during dry-weather spells to bridge supply deficit.

IDEAS & DEBATE

OPINIONS I REVIEWS I ANALYSIS

Why poor, middle class Kenyans bear the brunt of escalating cost of living

INFLATION Weak shilling has resulted in a rise in pricing of basic goods on high import costs

MARTIN DIAS

More than half of Kenyans live below the poverty line. With the constant rise in cost of living the situation seems to be getting out of hand for the majority and poses a challenge of acquiring basic commodities.

Most of these people earn an average monthly income of between Sh10,000 and Sh15,000. This amount of money is actually spent on basic needs such as food, house rent, school fees, water and electricity. A good number of the local population are employed in semi-skilled jobs that provide low wage earnings. This means that almost half of Kenyans have less than two dollars (Sh200) a day to buy food, pay rent for a small dwelling, and take a matatu to work. They are also expected to buy kerosene to cook a meal in the evening. For the higher bracket earners, try living in such an environment and you would probably become insane by the end of the week. The low earners live in such deplorable conditions and become immune to it, simply because they have no choice.

So how do we deal with this problem of cost of living?

It simply relates to the amount of money needed to sustain a certain level of living, including basic expenses such as food and housing. The cost of living mostly affects the lower and middle classes who comprise almost 80 per cent of the total population.

They are same people whom we depend on during election time to vote for their "leaders". We make them many promises that we will provide this and that and thereafter they are a forgotten lot till the five years are over when we return to make the very same promises. It's astonishing that the same people keep electing these leaders instead of choosing able ones who can deliver them from low living standards. In many cases cash handouts for as little as Sh500 can buy one that precious vote.

In addition, the middle class have challenges in rental pricing. A fairly decent dwelling in Nairobi goes for not less than Sh25,000. The lower income class live in informal settlement where rent goes for not less than Sh7,500.

On the other hand, the current average price of fuel is about $1 or Sh100 a litre and this is very likely to go up to Sh105 by next month. This is after taking into account the new levy which really is an additional tax burden on all Kenyans. We all know the likely effect when fuel price goes up significantly — commodity prices rise including food, transport and shelter. Compare this with the falling global oil prices as opposed to our sharp increase in domestic pricing. What are the causes of the rise in the cost of living?

Food — there is a tendency of prices rising due to transport cost. High food prices are constantly forcing consumers to pay more than in the recent past.

Fuel — rise in prices has affected the transport sector which has in turn increased the cost of doing business in the country. Here we can include kerosene which is used by a large percentage of people, especially in the lower class.

> **They are same people whom we so much depend on during election time to vote for their 'leaders'**

Depreciation of the shilling — the depreciation of the local currency has affected the prices of essential commodities leading to a high cost of living. Exchanging at Sh101 to the dollar, the shilling has depreciated by almost 25 per cent from the initial level of Sh85 against the greenback. This is a big burden to our importers and manufacturers as they have to pay more for raw material imports. A stronger dollar has also pushed up interbank rates making borrowing costly.

Inflation — is not the same as cost of living but closely related. Inflation is the big picture. As the cost of goods and services rises, the buying power of the shilling falls. The inflation rate is often measured by the Consumer Price Index, a monthly measure by the Kenya National Bureau of Statistics that averages the cost of a representative basket of goods and services from different parts of the country. It then reports the result as a percentage rise or fall.

A petrol station attendant serves a customer in Nairobi. An increase in pump prices is one of the causes of the sharp rise in the cost of basic commodities. FILE

Cost of living on the other hand, is a more focused picture. This number averages the cost of an accepted standard of living that includes food, housing, transportation, taxes and healthcare. It is frequently used to compare life in different locations. If you earn Sh50,000 per month living in Nairobi, you could maintain the same standard of living in Mombasa on half that monthly salary — the cost of living in Nairobi may be twice as high as in Mombasa. It's easy for most people to feel the effects of cost-of-living increases in their daily life but rising prices hit the lower and middle classes, especially hard

The most dangerous scenario is a situation where food shortages or sharp constant rises in food prices hit the common man so hard and we are talking of 80 per cent of the population, this will automatically result in civil riots. To begin with, rise in crime is likely to be witnessed. For instance, when people are unable to sustain their needs through their income, there is a tendency to venture into criminal activities in order to supplement their needs. Generally, in the informal settlements, a large number of dwellers would resort to mugging and breaking into other people's homes in search of ways to sustain their basic needs.

This is a clear indication that when the cost of living becomes too high and unbearable to the common man crime comes in handy and escalates.

Another underlying outcome in rising cost of living is unemployment. With workers and labourers seeking a pay raise to adjust to the hard economic times, the employer, too, might decide to cut the workforce as a measure to reduce costs. The workers who lose jobs may take to the streets to demand reinstatement.

Rising cost of living is a challenge that can be curbed and tamed. Stabilising the shilling will help eliminate this challenge and reduce the impact of a weaker currency in the lives of the wananchi.

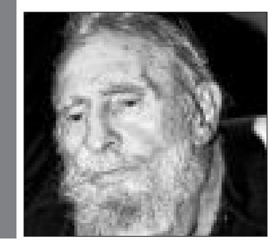
Regulating fuel prices to an acceptable level would help keep pricing of many commodities constant. Imposing levies on fuel prices to service the country's debt is simply passing the buck to Kenyans and the effect is a rise on the cost of living. Let us also pass the benefits of the drop in global oil prices to consumers.

Finally, we must admit that we have a serious challenge to deal with. Leaders should sit down with the regulators and make a plan to deal with the situation.

Mr Dias *is the CEO at FAPCL Group. Email: md@fapcl.com*

Other Voices

Fidel Castro
Former Cuban President



Carmen Pelaez (NBC News)

For even the most ardent supporters of the US policy change towards Cuba, like myself, the past few months have been challenging. From the Castro apologists to to the Cuban embassy opening, I've been growing increasingly uneasy with the story I see unfolding. Which shouldn't surprise me. For all its failures, the one thing Castro's regime has always been able to masterfully control is story. Regardless of what US government leaders and their dictators decide, I refuse to let the cynicism of a tired regime's narrative stop me from standing proudly with the Cubans.

Ariel Sharon
Former Israeli Prime Minister

Ari Shavit (Haaretz.com).

The lessons from Ariel Sharon's mistakes are clear. First we must try diplomatic negotiations, then attempt to reach unofficial understandings with the Palestinians. The withdrawal must be placed in a broad strategic regional context and must be accompanied with a Palestinian Marshall plan and an Israeli security plan, to ensure stability and prosperity even in the absence of peace. But all these cannot detract from Sharon's truth.

Nawaz Sharif
Pakistani Prime Minister

Grahame Lucas (Deutsche Welle)

As Pakistan and India prepare for peace talks, there is little sign of major progress in bilateral ties. From the perspective of Indian foreign policymakers, Delhi requires evidence that Pakistan is seriously interested in peace and in the advantages that a normalisation of ties would bring, namely improved trade and a boost for both economies. This is also very much in PM Nawaz Sharif's interests, if he is to combat chronic unemployment at home. But Pakistan's civilian governments have always been at the mercy of the military. And nothing has changed.

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Efforts to end private sector corruption will bear fruit

Telecommunications giant Safaricom has set itself the herculean task of purging from its workforce employees who commit fraud. This is an important exercise that must be lauded.

The initiative might appear insurmountable but that doesn't mean it cannot be achieved. Indeed the private sector is doing rather badly when it comes to addressing issues of corruption. Nine months ago, a survey by audit firm Ernst and Young conducted in 59 countries ranked Kenya behind Egypt, Nigeria and Namibia as economies where private sector corruption is most pervasive.

In a country where for the longest time the public sector has been synonymous with fraud, deceit and sundry malfeasance, the EY survey was an eye-opener. Safaricom, which along with KCB are the only companies that have incorporated fraud reporting in their financial statements, said it had sacked 58 employees in the year ended March, two more than those it sent packing the previous year.

Most companies, especially banks, prefer not to publicise incidents where they have been victims of staff-driven economic crimes. But increasingly more of their employees are to be found in the docks almost on a daily basis facing charges of stealing money.

Employees will always face pressure to engage in fraud, especially in our society which can be said to be in the fight of its life to extricate itself from the morass of corruption. Those who steal have different ways to rationalise their actions. And the triggers may be as mundane as a child sent home over school fees, to needing to drive a flashier car than the Joneses.

And one's pecking order in the social strata appears not to matter. Indeed two weeks ago Chief Justice Willy tore into judges who engage in corruption despite the wide range of lucrative perks that their stations have afforded them.

By being aware of the kind of environment their employees work in, private firms can try mitigate fraud at work. Safaricom has shown that going public does it little reputational harm. If anything, the publicity created in this instance would embolden its customers – who are often on the receiving end of conniving staff – to quickly report attempts to rip them off, instead of shrugging their shoulders in resignation, which is an all too common trait among Kenyans.

There are many other measures that private companies can take to monitor and manage fraud, but ignoring or hiding infractions to try keep a squeaky clean public image is not one of them. When the whole world knows that Company X will not tolerate illegal activity, the firm eventually ends up attracting more ethical employees and with them, an attendant drop in incidents of fraud.

Partner with universities

The deal between Nakuru government and Mt Kenya University granting the institution permission to build hostels and residential homes worth Sh2 billion is worth emulating.

With the number of students admitted to universities and other tertiary institutions increasing each year, an accommodation crisis has been slowly brewing. University-owned hostels are in high demand because they are cheap and conveniently located close to lecture halls.

Currently there are very institutions that can house all students in a safe environment, leaving many learners with little option but to seek accommodation in the neighbouring estates. Here they often find themselves at the mercy of mercenary landlords or, to save on costs, end up living in dingy surroundings that bode ill for their well being as well as self-esteem.

Other counties should borrow a leaf and realise that by partnering with these educational institutions, the local community also stands to benefit. In Nakuru's case it will be in the construction of residential houses.

Regulatory authorities should also heed the governor's request about expediting approvals for such worthwhile projects.

To comment...
The editor invites comments on our content and topical issues. Please include your full names, telephone number and address in your letter. Email: bdfeedback@nation.co.ke

EDITORIAL & OPINION

"The transfer of money from poor people in rich countries to rich people in poor countries... That's my definition of foreign aid."

Publish land proposals for debate

COLLINS ODOTE
LEGISLATION

It is ten days before the constitutional deadline of five years for enacting a community land law expires. The past week has consequently been about whether the constitutional deadline will be met or if Parliament should push the date forward.

But some of the debates around the issue have not been accurate. Others fail to address the real issues bedevilling the process of enactment of this piece of legislation. There have been reports about Parliament running the risk of being dissolved if the law is not enacted by August 27, the constitutional deadline set for passage of the law.

Over the past five years, there have been instances when constitutional deadlines were not met. In those cases, the Constitution gives Parliament the option of resolving to extend that deadline by up to one year to enable the legislative process be completed. This option was exercised a few years ago when Parliament was debating the land laws.

The more important conversation is why this deadline is likely not going to be met. Is it delays in drafting the legislation? Is it failure to undertake adequate consultations? Is it bureaucratic red tape? Or is it the legislative calendar? This column has previously discussed the history of the development of a Community Land Bill. Just to summarise: when debate on the Land Act and the Land Registration Act was taking place in 2011 and 2012, a draft Community Land Bill already existed. However, its contents were both scanty and out of tune with constitutional dictates. The Bill was consequently shelved. Work then began in earnest spearheaded by a task force on community land, resulting in a Bill on community land and another on evictions and resettlement procedures. For close to one year now there has been in the public domain a draft Community Land Bill. Why have we waited until the last minute before publishing and presenting it for debate? Secondly, what became of the Community Land Bill sponsored in the Senate by Majority Leader Kithure Kindiki?

We also need to look at the contents of the current Bill. If one compares this draft with that which has been in circulation the past year, one notices several differences. Two main ones relate to the institutional arrangements for managing community land and the role of the Land Cabinet secretary. Critical questions relating to land tenure are normally threefold: identifying the land that is the subject of regulation, determining the entity that will hold that land and the term or period of ownership.

The debate about how to define communities and give them legal recognition has been a thorny one in many jurisdictions. It was not expected to be easy in Kenya. Do you recognise existing community structures and vest ownership of community land on them or do you follow the approach of group ranches? The initial version of the Bill required decisions to be made by a community assembly and had elaborate provisions on organisational structures. The current Bill only talks about registering as a society. The process of legal recognition of communities has fundamental implications on the success of community land tenure. Granted, government may want to revise how the recognition is done. But one would have hoped that the proposals should have sought to improve on what had been discussed among stakeholders for several months and not take the process back by suggesting registration as a society, with all the problems associated with societies.

Secondly, the link between the national and county governments and the National Land Commission with communities in managing their land is critical yet treated superficially in the Bill. The main regulatory functions are given to the Cabinet secretary. There is need to debate and consider the separation of roles among these three agencies to avoid the confusion and turf wars that have bedevilled the land sector since the promulgation of the Constitution.

How the Bill treats the institutional arrangements for community land will determine its success or failure.

Could these be the reasons the Bill delayed for so long? This is a fundamental question and its answer does not lie with Parliament. With the looming deadline, the Bill should be published because reaching this stage has been an uphill task, and any sticky issues can be thrashed out. The country has not had this law since Independence. We have waited for five years since the Constitution directed for its enactment. A few more months to get it right is not too much to ask.

Dr Odote *is a lecturer at the University of Nairobi*

VIEWS FROM ABROAD ■ *Opinions from around the world*

AI wrong on ligalising sex trade

THE WASHINGTON POST
WASHINGTON DC

Amnesty International (AI) recently adopted a proposal for decriminalising sex trade, a move that it says is for the human rights. The decision to sell one's body for sex made in the absence of better circumstances is not a human right. A buyer or trafficker who takes advantage of someone's lack of choice for their own financial or sexual gain is an exploiter of human rights.

China economic slowdown worse

HONG KONG STANDARD
HONG KONG

The devaluation of the yuan by nearly 2 percent is its biggest downward adjustment in two decades. For a currency that is tightly controlled for trading within a narrow band, the move is extraordinary. That Beijing is pressing ahead with the devaluation in the face of capital flight fears may imply the economic slowdown is worse than believed.

Saudi can learn from US mistakes

ALJAZEERA
DOHA

No concept has proven to be as strategically short-sighted as the assumption of military superiority. It leads powerful nations to give in to the temptation to bomb their way out of a problem. While in Washington this lesson is still sinking in, Saudi Arabia, the US' major ally in the Gulf region, seems to have learned nothing from the ill-fated US strategy in Iraq and Afghanistan.

How Uhuru, Museveni granted each other favours

KAROLI SSEMOGERERE
BILATERAL RELATIONS

The current economic cycle has matured. Cheap Chinese money is drying up. The Chinese Central bank has adjusted its fixed peg to the dollar after exports continued to fall.

Chinese money is now looking for better returns and after years of recrimination, has arrived in a big way in Europe. Africa promised China for years easy access, but precarious legal systems and "brown envelopes" have affected the rate of return on Chinese money.

This in itself is not a bad thing. It will force smart economies to start fixing themselves. Nigeria is running around with a big fat stick chasing a new round of billions believed to have been fleeced in the regimes of Olusegun Obasanjo and his successor Goodluck Jonathan.

Foreign investors spooked by a weak naira but prospects of Nigeria finally starting to fix themselves are flocking to Africa's largest economy in droves. Kenya, the regional powerhouse is just $55 billion in size.

Kenyan politicians for years grew rich on the sugar cartel dumping cheap sugar in the market while at the same time skimming clean Kenya's sugar mills.

Enter Uganda. Changes in technology have democratised sugar production. New low cost millers are scavenging Uganda's labour reserves. Sugar has delivered on the import substitution side and big sugar is thirsty for more action.

A collapse in the exchange rate presents a new problem, stockpiling. The cost of energy is rising with the exchange rate deterioration and people all of a sudden may be cutting back on sugar creating another problem.

Farmers are rioting or close to rioting because sugar mills cannot crush all the cane while stores are full. This is the story from Kinyara and Mayuge is not far behind.

The Kenyattas were reported in 2014 to have acquired a large stake in the dairy sector and must have found the invisible truth written all over. Ugandan cows produce very little milk, most sold adulterated.

Milk processors have never grown, the politics of bulk transport and high electricity costs squeeze profit margins.

The Kenyattas are also reported to have bought out the Delameres, the largest cattle farm in Kenya. So selling surplus milk and beef from Kenya was not hard. And by making a big sugar play he has earned gratitude of the capitalist class in Uganda. I have to stop here.

Mr Ssemogerere *is an attorney-at-law and an advocate.*

Letters

The editor welcomes brief letters on topical issues. Opinions expressed here are not necessarily those of the editor or publisher. They may be edited for clarity, space or legal considerations.
Send via e-mail to **bdfeedback@ke.nationmedia.com**

Poor policies to blame for ailing sugar sector

From independence to date, no regime has given sugar industry the attention it deserves.

Farmers cannot be blamed for the sorry state of the sector because they are not policymakers. Sugar has been and still remains a cash cow for politicians more so around election time. It also reinforces the thinking that some quarters would rather give up other ministries when there is food to be shared, but not the Ministry of Agriculture with its attendant "goodies" more so sugar imports, fertiliser and sourcing for spare parts on behalf of factories during maintenance.

Tractors deliver cane for processing at Mumias Sugar factory. FILE

We have seen debts written off for other sectors, but when it comes to sugar millers, the attitude is lukewarm. Such actions breed resentment let alone negative effect on cohesion.

The poor farmers are not in charge of security. They cannot stop contraband sugar. The growers are not party to inflated spare parts for factories prices either. The poor farmer does not recruit managers in factories. They would have been better off planting other crops.

They are ill-prepared for privatisation because of late payments and frustration over the years. The poor farmers will bear the brunt of knee jerk reactions by the government. Sugar cane growers are not privy to the current privatisation process because there is no periodic update. They have to make do with very poor roads as well.

Farmers are dismayed when some of their MPs who are supposed to protect them prefer "palm greasing" by cartels. The poor grower has nobody to turn to.

All private sugar factories like West Kenya, Butali, Kibos, Transmara and Sukari Industries are making money.

This shows the government should have quit long before we started complaining about cheap imports from Uganda and other Common Market for Eastern and Southern Africa states. Western Kenya's economy relies heavily on sugar and other spin off effects. Are farmers consigned to perpetual poverty so that they go begging?

DAVID OKELLO
via email

Reviving cane industry way to go, not imports

The move to allow cheap sugar imports to Kenya is at best unpatriotic. It does not matter the source — Uganda or Brazil.

Given, for example, Malawi or Sudan can sustainably produce cheap sugar, it is a call of true leadership to make it happen in Kenya as well.

Jumping to quicksand fixes in cheap imports is like admiring your neighbour's house while you could make yours.

A large number of Kenyans depend directly and indirectly on the sugar industry for their livelihoods. We have also invested heavily in the sector.

Therefore, leaders who cannot advocate a policy in favour of the majority whom they lead are unpatriotic. The big question is: who really stands to benefit in the negotiated deals?

CHARLES BUTIKO
via email

Address poor quality of learning in public primary schools

It is disheartening to realise that state of education in public primary schools has been deteriorating since the introduction of free primary education (FPE).

The Kenya National Union of Teachers, on the other hand, is not helping the situation. All the union seems to care about is higher salaries for its members. This has led to a rise of uncontrolled private schools where parents know very well they get exploited but have no choice because quality education is assured. The government must come out strongly and support the FPE.

There is no need for free education if it adds no value to its beneficiaries. The government should act and restore quality education.

Private school owners are out to make money at the expense of children. In my view, this is immoral. The government must make it hard for anybody in this country to open a private school. Most of the institutions lack vital amenities such as playing grounds.

The government must also treat learners in both public and private schools equally and ensure they get quality education and are not exploited in any way.

MICHAEL K.M
via email

IMF let Greece down by failing to provide third option

ARVIND SUBRAMANIAN
DEBT BURDEN

Democracy is about real choices. But, throughout their country's crisis, the Greek people have been deprived of them. For this, the Europe Union and especially the International Monetary Fund bear considerable responsibility.

Greece was offered two stark choices: Leave the eurozone without financing, or remain and receive support at the price of further austerity. But Greece should have been offered a third option: Leave the euro, but with generous financing.

This option should have been put on the table, recognising that Greece has broader political reasons for staying within the eurozone. The benefits of a "Grexit"would have included a massive devaluation, which would have restored some dynamism in the economy. But the costs were terrifying. The government would have had to default, the banks would have been ruined. As a result, interest rates would have remained high for a long time to come, impeding efforts to restore growth. Is it any wonder that the Greek government shrank from this horror and chose the "safe" option of austerity?

But this option may not be safe at all. Greece will now need to grind away at austerity, hoping that in some distant future "internal devaluation" – that is, wage and price deflation – will help to spark a recovery.

Only the IMF could have offered the third option of an orderly exit. Greece should have been told that it could reap the benefits of devaluation, while the international community would act to minimise the attendant costs. The precise terms of Grexit surely would have included a negotiated reduction in Greece's debts, as well as a strategy for recapitalising the banking system.

Still, the costs would have been sizeable, so the IMF would have needed to offer generous financing, covering the country's import requirements while providing the liquidity to manage the transition to a new currency. Of course, this would have increased the IMF's already-large exposure to Greece.

But is there any strategy that could have succeeded in restoring the Greek economy?

The reason why an assisted Grexit was never offered seems clear: Greece's European creditors were vehemently opposed to the idea. But the IMF should not have made Europe's concerns, about contagion or debt repayment, decisive in its decision-making. Instead, it should have publicly pushed for the third option, which would have been a watershed, for it would have signalled that the IMF will not be driven by its powerful members to acquiesce in bad policies. It would have afforded the fund an opportunity to atone for its complicity in the creditor-driven, austerity-addled misery to which Greeks have been subject for the last five years.

The writer is chief economic adviser at India's finance ministry.

Biotech firm Monsanto experiments with gene-silencing spray to control crop diseases

TECHNOLOGY Scientists are enthusiastic that a gene-controlling technology, but critics are already gathering, saying it's not any better than GMO tech

BY ANTONIO REGALADO

The Colorado potato beetle is a voracious eater. The insect can chew through 10 square centimetres of leaf a day, and left unchecked it will strip a plant bare. But the beetles I was looking at were doomed. The plant they were feeding on—bright green and carefully netted in Monsanto's labs outside St. Louis—had been doused with a spray of RNA.

The experiment took advantage of a mechanism called RNA interference. It's a way to temporarily turn off the activity of any gene. In this case, the gene being shut down was one vital to the insect's survival. "I am pretty sure 99 per cent of them will be dead soon," said Jodi Beattie, a Monsanto scientist who showed me her experiment.

The discovery of RNA interference earned two academics a Nobel Prize in 2006 and set off a scramble to create drugs that block disease-causing genes. Using this same technology, Monsanto now thinks it has hit on an alternative to conventional genetically modified organisms, or GMOs. It can already kill bugs by getting them to eat leaves coated with specially designed RNA. And if the company succeeds in developing sprays that penetrate plant cells, as it's attempting to, it could block certain plant genes, too. Imagine a spray that causes tomatoes to taste better or helps plants survive a drought.

A biotechnologist in a laboratory. Monsanto has invested heavily in a gene-deactivating technology which it terms as the next promising research frontier. AFP

Monsanto isn't the only one working on genetic sprays. Other large agricultural biotech companies, including Bayer and Syngenta, are also investigating the technology. The appeal is that it offers control over genes without modifying a plant's genome—that is, without creating a GMO.

That means sprays might sidestep much of the controversy around agricultural biotechnology. Or so companies hope. What's certain is that a way to accomplish the goals of genetic engineering without having to develop a GMO could bring commercial rewards. Sprays might be quickly tailored to do battle with an insect infestation or a new type of virus. Not only could this be faster than creating new GM crops, but the gene-silencing effects of RNA interference last only a few days or weeks. That means you might spray on traits such as drought resistance in times of water shortage without affecting the plant's performance in times of normal rainfall.

New risk

Beattie showed me a large glass jar in which dried, purified RNA glistened like crumbled packing peanuts. A few years ago, this much RNA might have cost $1 million, one reason few would have thought to spray it from tractors rumbling through rows of corn. But the cost of making RNA has plummeted. Monsanto estimates that it now costs $50 a gram. A tenth that amount, the company says, is potent enough to kill 100 per cent of beetles on an acre of plants.

Monsanto has spent millions of dollars learning how to control plant traits using genetic sprays. Opponents see a new risk.

At Monsanto I met Robb Fraley, the company's chief technology officer, who oversees a research staff of 5,000. Three years ago Fraley designated the RNA sprays as one of Monsanto's new areas for product development. He thinks that within a few years they will "open up a whole new way to use biotechnology" that "doesn't have the same stigma, the same intensive regulatory studies and cost that we would normally associate with GMOs." He's told people he thinks the tools are "incredible" and "breathtaking" and that "of all the platforms we are working on, this is the one that reminds me the most of the early days of biotech."

It was Fraley who made Monsanto's first GM plants in the 1980s—petunias resistant to a plant poison. Today, Monsanto has revenues of about Sh900 billion ($9 billion) a year from GM seeds for crops that produce the insect toxin Bt or resist the weed killer Roundup. GM corn, soy, and cotton plants now spread across 180 million hectares. And it has generated a public controversy just as vast. To its strongest critics, the company is simply "Monsatan."

But with the RNA spray technology, which Monsanto calls BioDirect, the company may have found something that will bedevil opponents. The sprays are made from a ubiquitous molecule that degrades quickly in soil. They can be genetically precise enough to kill potato bugs but spare their ladybug cousins. And so far, consuming RNA molecules appears no more toxic to people than drinking a glass of orange juice. As Monsanto put it in a letter to US regulators, "humans have been eating RNA as long as we have been eating."

Public opposition, regulations, and the slow pace of plant breeding mean that on average, bringing a new GM crop to market costs more than Sh1 billion ($100 million) and takes around 13 years. But imagine you wanted to fight a plant virus, says James Carrington, head of a Missouri non-profit organisation called the Danforth Plant Science Centre and an adviser to Monsanto. "If you can gain control with a spray, you can envision a product that can change very rapidly, that you can test faster, experiment with faster, and bring to market faster," he says. "You could respond to issues as they arise."

Genetic modification

Not everyone is convinced, though, that applying RNA will be commercially feasible or any less controversial than genetic modification. "The public is not accepting GMOs, and this could be more alarming. People are going to say you are taking the RNA and spraying this in the open," says Kassim Al-Khatib, a plant physiologist at the University of California, Davis. "The acceptance of biotech has to be there before you can deliver another approach. This isn't a technology for tomorrow. It's for the day after tomorrow."

Sprays might be quickly tailored to do battle with an insect infestation or a new type of virus.

When I met Fraley, he didn't deny that there are obstacles—in fact, that's what reminds him so much of biotech's early days. He says no one yet understands exactly how to get RNA inside a plant's cells using a field sprayer—at least not with the sort of inexpensive, works-every-time efficiency farmers would be looking for. Many insects are also not easily affected. Monsanto has been spending millions to crack these problems, collaborating with biotech companies specialising in drug delivery. "We're still a few breakthroughs away," he says.

The cells of plants and animals carry their instructions in the form of DNA. To make a protein, the sequence of genetic letters in each gene gets copied into matching strands of RNA, which then float out of the nucleus to guide the protein-making machinery of the cell. RNA interference, or gene silencing, is a way to destroy specific RNA messages so that a particular protein is not made.

The mechanism is a natural one: it appears to have evolved as a defense system

Activists of the global environmental watchdog Greenpeace demonstrate against US biotech giant Monsanto in Mexico. AFP

A Monsanto employees tends to a tomato crop at their exhibition stand at the Eldoret Agricultural Society in March. The global company says by targeting specific genes in crops such as tomatoes, their taste, shelf-life among other qualities that concerns farmers could greatly be improved as well as the return to farmers. JARED NYATAYA

against viruses. It is triggered when a cell encounters double-stranded RNA, or two strands zipped together—the kind viruses create as they try to copy their genetic material. To defend itself, the cell chops the double-stranded RNA molecule into bits and uses the pieces to seek out and destroy any matching RNA messages. What scientists learned was that if they designed a double-stranded RNA corresponding to an animal or plant cell's own genes, they could get the cells to silence those genes, not only those of a virus.

RNA interference

Some GM plants already use RNA interference to disable unwanted enzymes, or to kill viruses or pests. The Flavr Savr tomato—the first genetically modified crop to be approved in the United States, back in 1994—harnessed the mechanism to block an enzyme that makes tomatoes soft, so they could ripen longer on the vine. Like Monsanto's Roundup Ready cotton and corn, the Flavr Savr was a GMO. Its seeds have an extra gene that manufactures a specific RNA molecule. Since then, companies have engineered a few other plants to take advantage of RNA interference.

This year a Granny Smith apple genetically modified to silence a gene that turns apple slices brown won clearance from regulators. Before that, the Hawaiian papaya industry was saved by plants engineered to produce RNA that defends against the ringspot virus. And Monsanto is awaiting approval to sell corn plants that use RNA interference to kill the western corn rootworm. That plant is the first GMO to incorporate an insecticidal RNA into its genetic makeup.

But what if you could just spray the RNA on instead of tinkering with a plant's genome? A chemist named Doug Sammons was the first person inside Monsanto to have the idea. He studies weeds that have become resistant to glyphosate, the herbicide that Monsanto markets as Roundup. These weeds have become a huge problem for farmers and for Monsanto. Sammons determined that some resistant weeds have as many as 160 extra copies of a gene called EPSPS. That's the very enzyme glyphosate interferes with, blocking plant growth. The super-weeds had found a trick to overwhelm the herbicide.

Sammons thought the weed's extra genes could be knocked back into line with RNA interference. The problem was that since weeds are wild, Monsanto didn't have any way to control their genetic makeup, as it could with a corn plant. "So he came to us and said, Why don't we just spray it on a plant? We were like, 'Really?'" says Gregory Heck, a research manager at Monsanto. "We'd only thought of [GMOs] until that time."

It seemed unlikely to work—but it did, according to Monsanto. In lab tests and at a roadside plot in Illinois that's been overrun by weeds, a mixture of Roundup and double-stranded RNA coded to match the EPSPS gene made resistant weeds wilt. According to Monsanto's patents, the technique also involved spraying a silicone surfactant that let the RNA molecules slip into air-exchange holes in the plant's surface. Somehow, soaking the leaves with RNA caused the silencing effect to spread through the entire plant, affecting it long enough to let the herbicide take hold.

> "The public is not accepting GMOs, and this could be more alarming. People are going to say you are taking the RNA and spraying this in the open.
>
> KASSIM AL-KHATIB, PLANT PHYSIOLOGIST

Sequence information

The technology could give Monsanto a new, exclusive formulation of Roundup (which lost its original patent several years ago) and help deal with the troublesome weeds, which have spread across US farmland. "It's definitely a prize if you can reënable glyphosate," says Heck. But the company's scientists saw that it could do much more: they could theoretically reach in and temporarily block any gene in any crop. "It could be a weed or a corn plant," says Lyle Crossland, a senior programme manager at Monsanto. "You could just dial in the sequence information. You could turn off the gene that makes fruits brown; you could do something with drought tolerance, photosynthesis. We have a lot of probing going on."

"It's a way of elegantly targeting particular genes and turning those genes off. And there are undesirable trait genes in everything."

Killing a plant

Some plant experts aren't convinced it's practical yet. Stephen Powles, director of the Australian Herbicide Resistance Initiative and a professor at the University of Western Australia, told me he'd had a "bit of a go" at repeating Monsanto's weed experiment but hadn't been able to make it work. "Getting double-stranded RNA sprayed onto plants and getting it into plants, and killing a plant, is not easy, and in fact it's very, very difficult," he says. "There's the formulation technology, the shelf life, and can it bounce around in the back of a pickup for a week at 110 °F."

Richard Jorgensen, a plant biologist who was the first to observe RNA interference, thinks modifying traits with a spray "might be really patchy" compared with a true GMO. Say you wanted to turn flowers a specific color. "Would you spray it every week and hope it gets into every cell in the plant bud? I think there are lots of limitations compared to [GMOs]," he says. To Powles, however, the idea of spray-on traits has strong appeal. "It's a way of elegantly targeting particular genes and turning those genes off. And there are undesirable trait genes in everything," he says.

After the weed discovery, which occurred in 2010, Monsanto began spending heavily to build a position in RNA technology. It took over a company called Beeologics, which had found a way to introduce RNA into sugar water that bees feed on in order to kill a parasitic mite that infests hives. That company had also come up with a much cheaper way to make RNA.

Monsanto also began trying to crack the problem of getting RNA into plants more efficiently. It paid Sh3 billion ($30 million) for access to the RNA interference know-how and patents held by the biotech company Alnylam, and it did a similar deal with Tekmira, an RNA delivery specialist based in Burnaby, British Columbia. Monsanto is also the financial backer of a 15-person company called Preceres, a kind of skunk works it established just off the campus of MIT, where robotic mixers are busy stirring RNA together with coatings of specialised nanoparticles.

Dream molecule

These unfolding discoveries suggest that complex biology is at work, leading the EPA's advisors to say that the "potential scale" of RNA used in agriculture "warrants exploration of the potential for unintended ecological effects." RNA may be natural. But introducing large amounts of targeted RNA molecules into the environment is not. The advisory panel concluded that "knowledge gaps make it difficult to predict" exactly what problems might arise.

Yet the biggest challenge to RNA sprays, Nitzan Paldi told me, isn't going to come from regulators. The real problem can be summarized in a single word: Monsanto. "For half the world, that is enough to know it's evil," he says. "Monsanto is introducing a new technology, full stop. But Monsanto is also the best way to make this real. For the scientifically literate, this is the dream molecule."

-NEW YORK TIMES

REGIONAL NEWS

STRIFE Nkurunziza opponents take up arms after president bulldozes stay in office beyond limit

Burundi on brink of all-out civil war as insurgency grows

It started as street protests three months ago, with furious citizens demonstrating against Burundi President Pierre Nkurunziza's now successful bid for a third term in power.

But while the demonstrators who blocked city streets in daily protests are now gone, analysts warn the nature of violence has shifted — and some fear they may have already seen the opening shots in a new civil war.

In Africa's troubled Great Lakes region, an area with a grim history of massacres and war, "a new rebellion is being born before our eyes", a Burundian analyst said.

The UN Security Council last week expressed "deep concern on the political and security" situation.

UN assistant secretary-general for human rights Ivan Simonovic warned about an escalation, with his spokesman saying "the risk of severe violence, of a spiralling out of control of the situation in Burundi is, indeed, very real".

Burundi had been slowly getting back on track after the 1993-2006 conflict, in which some 300,000 people were killed.

Back then, the battlefields were green hills and farmlands where rebels from the majority Hutu people clashed with an army dominated by the minority Tutsi.

Today, the violence is mainly in the capital, Bujumbura. Most nights, the city rattles with bursts of automatic gunfire and the blasts of grenades.

"The war, in reality, has already begun," said Innocent Muhozi, a key civil society leader.

Burundian servicemen inspect the driveway gate of ex-head of Burundi's army during its civil war, Colonel Jean Bikomagu, a key figure in the former Tutsi-dominated army, who was shot dead in his car by unidentified assailants. AFP

At dawn, signs of the fighting become visible: the blackened remains of burnt-out vehicles and corpses lying in the streets.

"At night, neighbourhoods are barricaded with armed men patrolling," said one resident describing young men carrying AK-47 rifles in the dark.

"Peaceful demonstrators before the election were accused of being insurgents — now they have become that," said the analyst, who declined to be identified.

> "At night, neighbourhoods are barricaded with armed men patrolling
>
> BUJUMBURA RESIDENT

Some 200,000 people have fled fearing further violence into neighbouring Tanzania, as well as to Rwanda and Democratic Republic of Congo.

Nkurunziza's successful effort to bulldoze his way into a third term in a controversial July election fuelled protests, a sweeping crackdown and an exodus of citizens fleeing the unrest. When his candidacy was announced in April, it was condemned as unconstitutional by the opposition and sparked months of protests.

In mid-May, generals attempted a coup, which failed, with its leader Godefroid Nyombare — a powerful Hutu army commander — vanishing. His supporters have since promised to topple Nkurunziza.

Now security forces are hesitant to return to neighbourhoods opposed to the government, fearing they will be attacked.

Earlier this month, insurgents used a rocket to assassinate top general Adolphe Nshimirimana, who was widely seen as the country's de-facto internal security chief.

Now people are living in fear of further attacks.

The city is rife with secrets and rumours of young men vanishing overnight, leaving to join an underground rebellion, or of desertions within the army.

Rebels are growing in strength with greater professionalism and "increased operational capacity", the analyst said.

A Western security source confirmed recent reports about apparently well-trained men infiltrating into the capital's opposition neighbourhoods.

Burundi's government has pointed the finger of blame at neighbouring Rwanda — the base of many opposition figures who have fled into exile — a claim Kigali has not commented on.

Nkurunziza, a 51-year-old former sports teacher, and born-again Christian, was a key Hutu rebel leader during the civil war.

But his opponents now appear to be fellow Hutus, not only the members of the Tutsi minority he battled in the 1993-2006 conflict.

- AFP

Ethiopia imposes ban on smoking in public

The bars and cafes are full and lively in the northern Ethiopian town of Mekelle — but they are no longer smoke-filled, with the strict implementation of a smoking ban in public places.

"It's a good thing," said Hiriti, the owner of a small bar in a busy street. "Of course, some customers are not happy, but it also depends on the way you tell them not to smoke.

"I tell them it is not only about the law. It is also about your health," he said. "They react better if you tell them that way."

The town of Mekelle is bucking the trend in Africa where tobacco use is increasing driven by companies that see a growing market on the continent amid a tightening of smoking laws elsewhere. Tobacco consumption in Africa — excluding South Africa — increased by almost 70 per cent between 1990 and 2010, according to a study by the American Cancer Society. The number of African smokers could grow by 40 per cent by 2030, the study predicted.

Ethiopia is not the first country to impose a ban, but is one of the few to act on the law. Kenya's capital Nairobi has designated smoking cabins, with smoking on the street illegal, although the rule is widely flouted.

Several African countries have a complete ban on smoking in public — most recently, Uganda passed a law banning smoking within 50 metres (160 feet) of any public place — according to the World Health Organisation (WHO), but such laws are rarely implemented.

Nearly 80 per cent of the more than one billion smokers worldwide live in low and middle-income countries, "where the burden of tobacco-related illness and death is heaviest", according to the WHO, which estimates that 600,000 people die worldwide each year from the effects of second-hand smoke.

In Ethiopia, parliament passed a law banning smoking in public places in 2014 and Mekelle is the first city to implement it.

The town of some 200,000 people is the state capital of the far northern Tigray region. Since January smoking has been banned in cafes, restaurants, schools and hospitals, as well as cultural, sports and religious centres.

Those who break the ban face a fine of 1,000 Ethiopian birr ($50) fine, a small fortune in Ethiopia where salaries rarely exceed $100 a month.

"We hardly see more smokers. People really stopped," said Teklay Weldemariam, the head of the city's health department and one of the architects of this law.

"The speed of non-communicable diseases is increasing. Cancer is one of them. So it is high time to ban cigarettes in public areas."

He hopes Mekelle will be an example to others. "I know other Ethiopian towns are interested in the experience of Mekelle. This can also inspire other East African cities," said Teklay.

- AFP

BRIEFING

DAR ES SALAAM

Tanzania's current account fall 22.5pc on oil imports dip

Tanzania's current account deficit narrowed 22.5 per cent in the year to June, helped by a decline in oil imports and improved performance of tourism and manufacturing sectors, the central bank said.

The gap narrowed to $4.091 billion in the 12 months to June from $5.281 billion in the same period last year, the bank the said in its latest monthly economic report. Imports of goods and services fell to $13.37 billion from $13.96 billion previously, while total exports rose by 9.4 per cent to $9.39 billion, the bank said. "The decrease in imports was mostly driven by a decrease in intermediate goods, particularly oil and fertilizers," it said.

JOHANNESBURG

South African miner Glencore cuts back its spending plans

Miner and commodity trader Glencore has cut back its spending plans for this year and said it would take a $790 million charge on oil assets in Chad after a fall in oil prices.

The London-listed company, due to report half-year results this week, said its capital expenditure ceiling for 2015 was expected to be $6 billion, down from a range of $6.5-$6.8 billion announced in February. Glencore's action on spending follows sharp falls across commodity prices this year, partly on the back of a slowdown in China, which is one of the world's biggest consumers of metals and other raw materials. The 19-commodity Thomson Reuters/Core Commodity CRB Index, for example, is currently at a 12-year low.

PORT LOUIS

Air Mauritius posts pretax loss in first quarter on weak euro

Air Mauritius posted a first quarter 2015 pretax loss of 9.62 million euros versus a loss of 6.67 million euros a year earlier despite rising passenger numbers, and blamed a weak euro for the downturn. Mauritius is a popular holiday destination, but the fragile European economic situation and the weak euro have hit the airline and the island's tourism industry hard. The airline said in a statement on Thursday the loss per share widened from 0.07 to 0.09 euros. "The results for the quarter under review have been impacted by the depreciation of the euro, when compared to the same period of last year," it said.

BENGHAZI

Chaos threatens UN efforts to restore lasting peace in Libya

Islamic State fought separate battles with forces loyal to Libya's official government and with a rival group, as growing violence threatened to make UN-mediated peace efforts irrelevant. Libya is in chaos as two governments and parliaments vie for power, while Islamic State and other armed groups exploit a security vacuum four years after the ousting of Muammar Gaddafi.

The United Nations brought the main warring factions together in Geneva this week. They agreed last week to end the crisis within weeks, the UN said in a statement. But the diplomacy was sidelined by new fighting.

THE BIG STORY

Sarova bets on loyalty cards to grow client numbers and income

SAVINGS Programme offers discounts, VIP airport lounges and free hotel nights to customers

BY VICTOR AMADALA

Sarova Hotel Group has launched an expanded loyalty card programme of discounts and hospitality perks as part of a business growth strategy that is seeing the group emerge as one of several Kenyan brands now gaining global recognition.

Launched last week, the Sarova Zawadi Card is offering ruby, emerald and diamond packages to frequent customers and delivering discounts on international accommodation, car rental access, VIP airport lounges, flight rebates as well as free hotel nights, wine and heavy discounts on massages, thanks to the hotel's partnership with South African marketer Hotel Stay.

Sarova Hotels Group marketing and sales director Jimi Kariuki said the new cards now offer perks that outstrip competitor programmes.

"We have come up with a loyalty programme that accords our clientele the appreciation they deserve for their continued use of our properties," he said.

Six out of the eight Sarova Hotels have been recognised as TripAdvisor Hall of Fame winners, having each won the TripAdvisor Certificate of Excellence for five consecutive years.

Sarova's new programme encompasses a Ruby entry-level card that will see customers earn points for every Sh100 spent and enjoy exclusive promotions.

Emerald card holders, who will pay Sh17,499 a year, will earn points and also receive 12 vouchers that include a complimentary night for two guests, free house wine and discounts on massages. Diamond card holders will pay Sh29,999 a year and get 24 vouchers, including two complimentary meals for two people, a cake when a customer dines at the hotel during their birthday month and three vouchers giving 15 per cent discounts on any booking across the Sarova Hotels.

Richard Somogyvari, the CEO of Hotel Stay, said Sarova Zawadi members will also get free access to Bidvest Premier Lounges at South African airports.

Sarova Hotel's customer loyalty programme follows in the success of other local and international brands that have reaped substantial gains in revenues and client numbers following the adoption of the cards.

Global marketing and branding company Brands Key 2015 customer loyalty engagement index shows that most leading brands have similar programmes, with Air Canada, Uber, Ford, L'Oreal, Samsung and Facebook topping the index.

The success of loyalty cards ties with a study by Ipsos that shows that it costs five times more to sell products to new customers than to existing ones, a ratio that is driving successful retailers to focus on stronger ties with loyal customers.

Even global giant Walmart's revenue grew by 1.5 per cent to $129.7 billion in the fourth quarter of 2014, eight months after it launched a Savings Catcher for regular customers. The tool, which helps shoppers nab the lowest price on grocery and household items, compares prices on 80,000 items to those of competitors and if a lower price is found, the shopper receives the cost difference as a store credit.

Locally, Nakumatt Holdings' customer loyalty cards have brought strong gains for loyal shoppers. Early this year, more than 3,000 Nakumatt shoppers received school fees cheques valued at more than Sh43 million, drawn out from loyalty points with the retailer.

A pool at the Sarova Mara. The hotel chain has launched an expanded loyalty card programme to reward customers. FILE

BRIEFING

London
Emirates picks creative team

Dubai-based airline Emirates has selected a team of WPP agencies commonly known as Team Air to handle its global branding and creative account. Emirates, with a turnover of $26.3 billion and more than 84,000 employees, began an evaluation of its branding and creative needs last year to support the next phase of its brand development, and respond to new opportunities in a marketing and media industry that has seen significant changes.

Nairobi
Kim-Fay signs oil distribution deal

Personal care and nutrition products marketer Kim-Fay East Africa has signed an exclusive agreement with Union-Swiss to distribute Bio-Oil. Bio-Oil helps improve the appearance of scars, stretch marks and uneven skin tone. It is also effective for aging and dehydrated skin. Bio-Oil was launched globally in 2002 and is now sold in 96 countries. It has since become the number one selling scar and stretch mark product in 20 countries.

Nairobi

General Secretary of the Kenya Union of Sugar Plantation Workers Francis Wangara (left) flanked by Kudheiha secretary general Albert Njeru when they called for more details in the sugar export deal, in Nairobi yesterday. EVANS HABIL

Nairobi
NBK acquires plastic cards machine

Medium-tier lender National Bank has launched an in-house card personalisation facility that will enable it issue high security chip cards within 24 hours of application. National Bank now stands among the first Kenyan banks to acquire the technology, positioning it firmly on the road to leading adoption of EMV Chip and PIN technology and improving the turnaround time from card production to issuing.

Mombasa
Kenya to host tourism forum

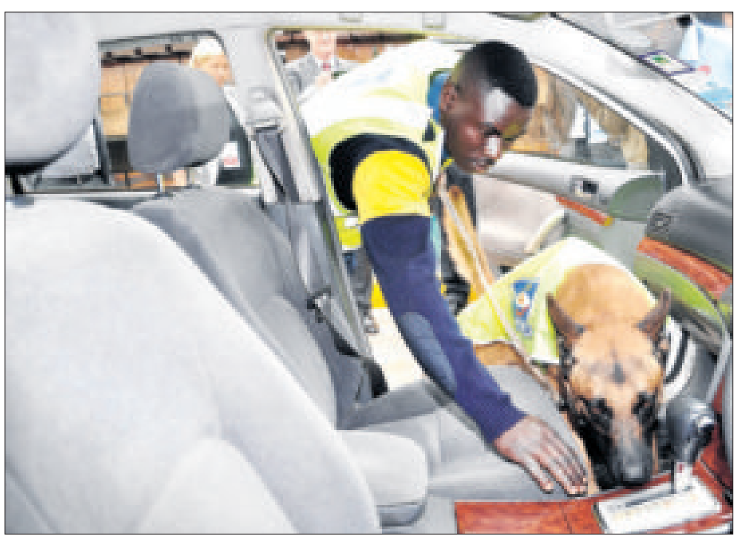
Tourism industry stakeholders are meeting this week with unlocking East Africa's hospitality potential top on the agenda. The East Africa Tourism Development Forum is being held under the auspices of the United Nations World Tourism Organisation and aims to boost the regions industry through the creation of a joint marketing platform. More than 250 participants from 10 countries are expected to attend.

The Market Place

CORPORATE SCENE

Wilson Alakonya (right), an Airtel shop customer service executive, explains how Airtel Money VISA card works to Kakamega County Executive for Water and Forestry Robert Sumbi (centre). Looking on is Airtel Western Region acting Zonal Business Manager Stanley Mwatsuma. COURTESY

National Bank MD Munir Ahmed (right) admires personalised plastic cards during the launch of an in-house card personalisation facility. COURTESY



Securex Agencies security officer Erick Ondiek guides a sniffer dog, Kelly, to sniff out narcotics and explosives during a demonstration at the third SecProTec East Africa Security, Protection and Technology Trade Fair held at KICC, Nairobi. COURTESY

Barclays Bank of Kenya MD Jeremy Awori (right) with Charles Kinyanjui, Head of Enterprise, during the launch of a Sh30 billion loans kitty for small and medium enterprises. COURTESY

Mall for Africa targets Kenyan market with e-commerce website

INVESTMENT Global online retail trading company to offer local consumers access to more than 1.5bn goods

BY SILVIA MWENDIA

Mall for Africa, one of the continent's largest online e-commerce firm has announced plans to expand into Kenya with a new website, Mall for Kenya.

The global e-commerce company will give Kenyan shoppers access to more than 50 international stores and more than 1.5 billion items, marking a potential brand explosion, even as international brands march to set up a physical presence in the country.

The opening of the online retailer is set to introduce Kenyan shoppers to globally recognised brands in clothing, jewellery, and electronics from shops such as Macy's, Carolee, Carter's, Bebe, Zappos and online retailer Amazon. Working with more than 150 retailers worldwide.

"As Kenya is one of the leading e-commerce capitals in the world, we are thrilled to be joining the Silicon Savannah," said chief executive and founder of Mall for Africa, Chris Folayan. "Since almost two-thirds of all homes have at least one mobile phone, consumers will now have the opportunity to shop at our US and UK retail stores."

The move by Mall for Africa follows in the footsteps of other global brands who have been setting up base in Kenya, with one of the latest arrivals being Walmart's first store in Kenya, Game, at the new Garden City Mall on Thika Road, Nairobi. French retailer Carrefour also plans to enter the market with stores at The Hub, a mall being built in Karen and Two Rivers, which claims to be the biggest mall in sub-Saharan Africa outside South Africa.

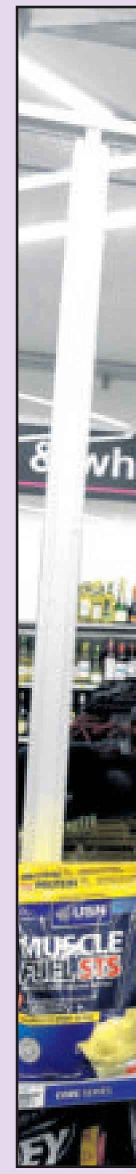
> As Kenya is one of the leading e-commerce capitals in the world, we are thrilled to be joining the Silicon Savannah
>
> CHRIS FOLAYAN, CEO AND FOUNDER, MALL FOR AFRICA

However, the trend among global retailers has been to physically open shops and franchises in Kenya, where the opening of Mall for Africa's website now sees global brands finding another way of penetrating the local market, leading to greater brand variety still, and cheaper options for brands looking to reach Kenya's emerging consumer market.

The access to Amazon alone represents a potential brand explosion, with the world's largest online retailer recording sales of five billion items last year.

Mall for Kenya will provide easy, secure payment options for its customers, either with a credit or debit card, or with Mall for Africa's own web card, which is a pre-paid card that can be used to buy any item on MallforAfrica.com or its affiliate sites. The website also take PayPal payments.

This range of payment options differs from US online retailers. In the US last year, data collected by global payment company



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Uhuru hosts 65 beneficiaries of Equit
Programme scholarships for global vars

President Uhuru Kenyatta hosted 65 recipients of the Equity Leaders Programme (ELP) scholarship, who have been admitted to study in top class universities around the world.

The scholarship which mirrors Tom Mboya academic airlifts of the early 1960s offers full support for the beneficiaries throughout their stay in the Ivy League and other top universities in the US, Canada, South Africa, UK, Costa Rica and Ghana.

Equity Bank is investing more than $12,178,124 into the scholarship programme whose beneficiaries were picked from the 605 top Form Four leavers who were selected for the Equity Leadership Programme.

The 65 scholars take to 265 the total number of students the bank has sponsored to study in top foreign universities. A total of 2,673 scholars have benefited from the bank's sponsorship, which was first launched in 1998 by the then Equity Building Society.

Additionally, eight medical students from various Kenyan universities under the ELP have been selected to pursue their clinical electives abroad.

The programme selects the top Wings to Fly Scholars who attain grade 'A' and the top boy and top girl in the Kenya Certificate of Secondary Education examination from the counties and nurtures them into world-class leaders to transform the society. This year, 12 out of the 65 scholars proceeding for further studies are alumni of the Wings to Fly Programme.

Speaking at the ceremony, Equity Group Foundation, exec-

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t Game store in the new Garden City Mall on Thika highway in Nairobi on May 28. Top
ds are opening shop in Kenya in race to cash in on the vibrant retail market. SALATON NJAU

icates that Visa or Mastercard is opular method of online payment, at 75 per cent, while PayPal comes econd at 15 per cent.

ya, however, iHub Research titled onference:E-Commerce Research und that the most popular digital ption locally was M-Pesa or other ney services, at 61 per cent. Online ervices such as PayPal and Pesapal came in second, at 19 per cent, while credit cards came in third, at 13 per cent. It is this spread that has seen Mall for Kenya roll out its own payment card to counter the payment difficulties faced by Kenyan online shoppers without credit cards.

High shipping charges, custom charges and delivery failures have also acted as barriers for many global brands in shipping more to Africa. Amazon, for instance, only ships to South Africa and Egypt. For standard shipping of jewelry, watches or clothing, it then costs $6.99 per shipment or $4.99 per item. For expedited shipping, the same items cost $13.99 per shipment or $4.99 per item.

But these charges tie with a long delivery time, of between 18 and 30 business days for standard shipping, and goods may then be subject to high customs charges. Mall for Kenya's shipping fee starts at $15, but these are inclusive of shipping, taxes, duties, and Mall for Africa fees.

- AFRICAN LAUGHTER

ty Leaders rsity studies

utive chairman James Mwangi said the initiative was a homegrown leadership development success story.

"Barely 15 years into the aunch of the ELP and with 2,673 beneficiaries, more than 1,029 are now pursuing their post-graduate studies or gainfully employed in eadership positions across the world," he said.

"More than 1,644 ELP scholars are still pursuing their undergraduate degrees locally and abroad and are soon expected to graduate n various disciplines."

Equity Group Foundation chairman James Mwangi (seated centre) with Equity Bank officials, guests and the 2015 recipients of the Equity Leaders Programme scholarships. The beneficiaries are set to join top universities across the world. COURTESY

MARKETING

Do not miss emerging native advertising boat

BY GEORGE LUTTA

Native advertising is perhaps the biggest trend in advertising right now. It's also one form of advertising that is editorially driven where one can both educate and entertain audiences.

Native advertising by definition is a form of paid media where the ad experience follows the natural form and function of the user experience in which it is placed. In this instance 'form' defines the situation where native ads match the visual design of the experience they live within. This is in terms of look and feel as well functioning just like natural content.

Native advertising is still so new and hard to define that no one tracks it. The media monitoring houses are yet to come to terms with it yet "display advertising" is poised to overtake search in overall revenues by next year in major markets. Nothing much is happening on here in Kenya. Most clients, media owners, publishers, and ad agencies have no clue about what is perhaps the biggest trend in advertising.

But why native? Research suggests that up to 25 per cent more consumers look at in-feed, native ad placements more than standard banners online. They viewed them as editorial and hence found them to be more palatable.

Consumer migration to mobile is rendering the banner ad less effective hence the move towards messaging that behaves much as other content does. Mobile branding is another key area where native advertising is having great impact.

The medium that can benefit the most in terms of revenue growth from native advertising is print. Major magazine titles like *Time* are now boldly putting native ads on their covers as the separation between the editorial and commercial operations narrows.

Many purists might disagree with this kind of innovation but the idea is to enable the delivery of an experience that serves both the reader and marketer, and also get paid for it. Native advertising has to work extremely well to keep the money flowing in. It shouldn't be confused with PR. PR is earned media. Native is paid media. It's also not repackaged advertorials as much as one could say it's the old and trite advertorial dressed up in 21st-century clothes.

It is a bold new path for brands and publishers. The native format is still in flux and in many ways, we're still learning the rules. After all they didn't invent television on the same day that they invented the 30-second TV commercial.

And by definition, there are no real industry standards — a native ad on Facebook is inherently different than a native ad on *Nation.co.ke*. The content has to match the ethos of the medium's regular content and at the same time tie seamlessly to the themes of the brand but it should never be self-promotional.

Native advertising is not like porn: if it's done well, people don't know it when they see it

Native advertising is not like porn: if it's done well, people don't know it when they see it. As a matter of fact, if it's done well, people don't care. Matching a branded idea to a journalistic publication doesn't always work out. The audience might accept native advertising but also insist upon the continued journalistic integrity of the publication. It is a fine line.

Relevancy is another key ingredient to a successful native campaign. When relevance is not present in a native ad experience people push back because it just obstructs their experience. People share stuff that is highly relevant, for example, native online video ads that are handcrafted by editorial, content, and creative teams that self-identify as journalists and researchers rather than sales-centric marketers tend to be relevant, engaging, loved and highly shareable.

There are few who will be good at native advertising which most probably means the discipline will remain niche, but one on which some agencies and publishers can build a thriving business.

Mr Lutta *is the chief strategy officer at ScanGroup*

The Market Place

Kenyan firms dominate East African Power Industry Awards finalist list

SCOPE Winners expected to be companies or executives responsible for pioneering new energy frontiers

BY NEVILLE OTUKI

Kenyans and the country's power agencies and projects dominate the list of finalists to be feted at the East African Power Industry Awards at the end of the month.

Those on the shortlist of lifetime achievement award include former Energy Permanent Secretary Patrick Nyoike, Strathmore University's deputy vice-chancellor Izael Da Silva and David Mwangi, an energy consultant at Power Africa.

The awards, targeting players from Kenya, Uganda, Rwanda, Ethiopia and Tanzania, will coincide with the East African Power Industry Convention (EAPIC) on August 27 in Nairobi.

"The individuals and projects represent those companies and executives who have been responsible for pioneering new frontiers, pushing boundaries, inspiring others and achieving growth in turbulent and challenging markets," said EAPIC programme director, Natalie Bacon.

Nominees will be feted in seven categories including power transaction of the year, clean energy project of the year and outstanding woman in power – in which Kenya's Ariya Capital CEO Jenny Fletcher has been nominated.

The 310-megawatt (MW) Lake Turkana Wind Power Project is lined up for the outstanding clean power project award alongside Tropical Power's 2.2MW Gorge Farm AD Plant.Others in the category are KenGen's Olkaria expansion project and NVI Energy's "pay as you use" solar project.

"This award recognises regional and international game changers who develop technologies and processes that innovate and promote renewable generation in East Africa."

Kenyan projects in the power transaction of the year category include 400MW wind power farm in Meru, Kipeto wind farm and Powerhive East Africa Ltd. The lifetime achievement award recognises an individual whose initiatives have led to successful transformation of the sector in East Africa.

Kenya Power, Rural Electrification Authority and Kenya Electricity Transmission Company are among those lined up for excellence in power transmission.

"This award will go to a transmission or distribution company that has excelled in meeting the growing power needs of the region."

Airtel Kenya's I-Afrika school biogas plant has been nominated for the corporate social responsibility of the year award. Kenya Electricity Generating Company (KenGen) is among the finalists for excellence in power generation.

EAPIC and the East African Power Industry Awards are organised by Spintelligent, a leading Cape Town-based trade exhibition and conference organiser, and the African office of Clarion Events Ltd, based in the UK.

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Centum opens third edition of graduate programme for EA

Investment firm Centum rolled out the third edition of its graduate programme aiming to nurture a new crop of leaders who will drive entrepreneurship growth in Africa.

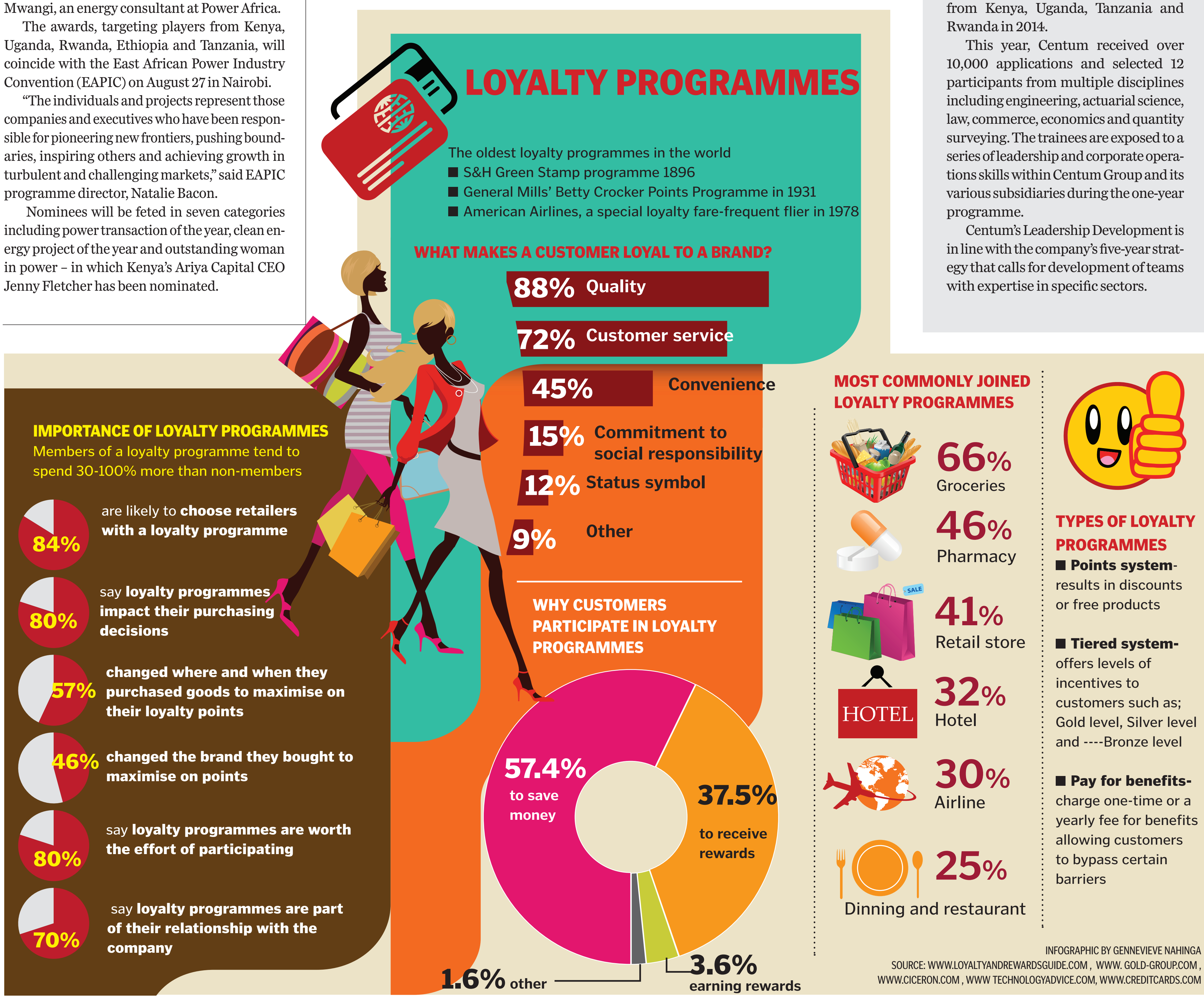
The graduate programme is an annual initiative of the firm's Leadership Development Programme that identifies fresh graduates with a winning attitude and high leadership potential from a broad array of disciplines across East Africa.

Centum chief executive James Mworia said the programme aims to create a sustainable leadership pipeline for the company besides building a talent base for the region's economy.

Centum launched its inaugural graduate programme in August 2013 with 11 participants from Kenya and Uganda. The company sponsored 22 candidates from Kenya, Uganda, Tanzania and Rwanda in 2014.

This year, Centum received over 10,000 applications and selected 12 participants from multiple disciplines including engineering, actuarial science, law, commerce, economics and quantity surveying. The trainees are exposed to a series of leadership and corporate operations skills within Centum Group and its various subsidiaries during the one-year programme.

Centum's Leadership Development is in line with the company's five-year strategy that calls for development of teams with expertise in specific sectors.



CBK's tough act on Dubai Bank raises questions

COLLAPSE Lender survived for so long with multiple breaches of banking rules and guidelines

BY GEORGE NGIGI

The Central Bank of Kenya's (CBK) decision on Friday to put Dubai Bank under administration has left in its wake questions as to how the bank survived years of multiple breaches of banking guidelines without regulatory action.

The regulator put the lender under statutory management citing serious liquidity and capital deficiencies just over two months after the managing director fled the country.

Dubai Bank had accumulated more than Sh5.3 million in penalties, failed to meet cash ratio requirements for a month and defaulted on paying Sh48 million owed to Bank of Africa.

"Owing to the consistently deteriorating cash reserve ratio position of Dubai Bank and its failure to honour financial obligations, including Sh48.18 million due to Bank of Africa Kenya Limited, the CBK is of the considered opinion that the bank will most likely fail to meet its financial obligations in the normal course of business," said the regulator. The Kenya Deposit Insurance Corporation put the bank under temporary closure as it examines the books.

This means customers with deposits in the bank will not be able to access cash till the receiver gives directions.

> ...the bank will most likely fail to meet its financial obligations in the normal course of business
>
> CBK

Dubai Bank was holding Sh1.7 billion in customer savings at the end of last year as per CBK data. The bank becomes the first lender in a decade to be put under statutory management in a move that may dent public confidence in the sensitive sector.

The CBK's supervision department staff have quietly been protesting its continued operation after penning several adverse reports.

Dubai Bank has been accused of cooking its twice in the last three years. In June this year CBK said the bank had lied that its liquidity ratios stood at 27.1 per cent at the end of last year and 21.4 per cent in March while investigations showed the actual figure was 9.6 per cent.

Former Dubai Bank MD Binay Dutta (right) and chairman Hassan Zubeidi before a House committee in Nairobi on July 30, 2013. FILE

Insolvent

Sh1.7bn

Amount of money that Dubai Bank was holding in customer savings at the end of last year, according to CBK data.

Under Kenyan laws, banks must maintain a liquidity ratio of not less than 20 per cent. The bank has been accused in court filings of under-providing for its bad loans resulting in its declaration of false profits. Last year it posted Sh7 million in pretax profits.

Managing director, Binay Dutta fled the country in June this year in the middle of a court battle in which a Turkish businessman, Sevket Tunc, was seeking court orders to wind up the bank for breach of contract. Chairman and majority shareholder Hussein Zubeidi has also been in court after former managing director Nereah Said accused him of dismissing her unlawfully.

Ms Said, in the court proceedings, opened a can of worms concerning operations at the bank including parallel banking. Mr Zubeidi's identity also came into focus with questions raised over his nationality — whether he was Yemeni or Kenyan.

In 2013 CBK had ordered the bank to stop issuing new loans as it grappled with a low cash position with depositors keeping away and other banks denying it credit. The bank, previously Mashreq Bank, has been operating for 15 years having been given a licence in April 2000.

gngigi@ke.nationmedia.com

S. Africa, Nigeria, Kenya bourses in funds cross-list talks

BY CHARLES MWANIKI

The South Africa, Kenya and Nigeria stock exchanges together with market participants have opened discussions with a view to cross-list exchange traded funds (ETF) across the countries.

The move is expected to boost liquidity of the investment units once they take root in Kenya. An ETF is a fund to which investors contribute money which goes into buying securities that compose an index or a defined group of securities — such as banking or insurance stocks — collectively.

Johannesburg Securities Exchange (JSE) director for capital markets Donna Oosthuyse said the move presents an advantage for companies in ETF indices and the respective exchanges in which they are listed as they stand to see more liquidity and exposure to international market.

"If an ETF from Kenya or Nigeria for instance is listed on the JSE, then the asset manager in Kenya or Nigeria has to buy and sell the constituent shares on the home market as units in the ETF are bought and sold," said Ms Oosthuyse.

"This drives liquidity in the home market...and it provides extra visibility on the shares on that exchange to new investors who in all likelihood don't yet trade on that market." Last year, the South African exchange launched futures contracts for several African currencies enabling investors to protect themselves against currency volatility in other countries.

Danish firm stops Kenya SME funding after fraud claims

BY BD REPORTER

Danish investment company MYC4 has stopped lending to small businesses because a local partner is yet to pay back close to Sh100 million that the firm claims was fraudulently lost.

The company said it has stopped lending money to SMEs and is instead focus on recovering €836,000 (Sh98 million) from Kenya Entrepreneurship Empowerment Foundation (KEEF), a Kiambu-based micro financier.

The firm sources funds through crowd-funding; an online method of raising money from a large number of investors who make small contributions.

MYC4 lends small enterprises the money through microfinance companies which act as its agents. The Copenhagen-based company, which started local operations in 2010, said that the partner stopped lending and collecting loans in May 2014 following detection of internal fraud. MYC4 said that it has since been unable to recover the cash and could not payback investors or justify raising additional funds. "These defaults are so serious for our business that we have decided to take timeout for uploads of new loans and have disabled the possibility for investors to upload more money to the MYC4.COM platform.

MYC4 has stopped lending money to small businesses saying Kenya Entrepreneurship Empowerment Foundation is yet to pay back close to Sh100m. FILE

Solving disputes

"Our focus in 2015 will be on solving disputes and collecting as much as possible out of the outstanding loan portfolio to secure the best interest of investors on MYC4.COM," said the firm's 2014 annual report released this month.

MYC4 is also seeking €74,000 (Sh8.4 million) from Mombasa-based Milango Financial Services.

The matter has since gone for arbitration, but in a late June notice MYC4 said its efforts to recover the money were being frustrated. "Upon appointment as arbitrator of the MYC4/KEEF dispute, the arbitrator invited both parties for a meeting on June 25, 2015 to take direction on how to proceed with the process.

"KEEF did not appear for the first arbitration meeting. MYC4 expressed their concern about the delaying tactics of the other party," said a notice by MYC4.

The fallout between the two comes at a time when more investors are showing interest in Kenya's microfinance industry which has been growing in double-digits.

The industry's total assets stood at Sh317.5 billion as at the end of 2013 from Sh275 billion a year earlier, a 15 per cent increase.

Inflation seen rising above CBK ceiling

PRICES However, economist says this year the rate will remain below double-digit level

BY CHARLES MWANIKI

Kenya's inflation is projected to rise above Central Bank of Kenya's (CBK) preferred ceiling of 7.5 per cent by year-end, although it is expected to remain below double-digit levels.

Citi Africa economist David Cowan said in an outlook paper on the economy that the risk of a rise in inflation similar to that seen in 2011 is lower due to CBK's timely intervention this time round, although the outlook remains cautious due to global weather uncertainties.

CBK's tighter monetary policy, while also targeted at reducing exchange rate volatility, has mainly aimed at keeping inflation in check.

"As in 2011, the main driver of the pick-up in inflation in the first half of 2015 has been food shortages in the Horn of Africa which has led to a surge in imports — pushing up prices elsewhere in the region," said Mr Cowan. "So while inflation will be higher in the next 18 months than the last six months, we do not expect it to rise into double digits, but we should have in our minds, that new El Nino trends are hinting at potential new global weather uncertainties."

> So while inflation will be higher in the next 18 months..., we do not expect it to rise into double digits
>
> DAVID COWAN, CITI AFRICA ECONOMIST

According to Mr Cowan, in 2011 there was a late response to the rise in inflation and shilling weakness, but in contrast, CBK has clearly been much more proactive so far this year.

He added that food production in East Africa is in a better position to respond to any food-related inflationary shocks, noting that strong Uganda food production in late 2014 is available to meet demand and Tanzania food production also has some capacity to meet Kenyan demand. International oil and wheat prices are also more favourable to Kenya this year compared to 2011. The price per barrel of Brent crude is now at $49, while in 2011 it was edging towards $110 per barrel level.

"The policy environment is now very different… all three of the main EAC governments are running tight monetary policies and are much more concerned about the potential negative impact of another inflation surge," said Mr Cowan.

cmwaniki@ke.nationmedia.com

A vendor sells green maize at the Nyahururu market last month. Food production in East Africa is in a better position to respond to inflationary shocks. FILE

Kenyan shilling weakens, seen in a tight range

The Kenyan shilling weakened on Friday as banks covered their short dollar positions ahead of an expected easing of a liquidity crunch in the domestic money markets.

At 0740 GMT, commercial banks posted the shilling at 102.20/30 per dollar, down from Thursday's close of 101.80/102.00.

"Some banks are still covering their short positions," said a trader at a commercial bank.

Traders said a shortage of local currency, which sent overnight lending rates to a high of 26.25 per cent, was likely to ease next week as a new cycle for banks' liquidity ratios kicks in.

Banks are required to maintain a cash reserve ratio of 5.25 per cent of their deposits for a month starting on the 14th of every month but have the leeway of going down to 3 per cent, as long as the average for the month adds up to the required ratio.

Short-term rates jumped higher after the central bank adopted a monetary tightening stance in June to curb volatility in the foreign exchange market.

- REUTERS

Private equity firm Cytonn in Sh5bn deal with MySpace

BY JOHN GACHIRI

Private equity firm Cytonn Investments and MySpace Properties, a Mombasa-based real estate company, have entered into a partnership that targets rolling out real-estate investments worth Sh5 billion.

The deal will see Cytonn focus on securing funds from investors, while MySpace Properties will look for prime land and market the units.

"We are seeking partnership opportunities through joint ventures with landowners looking to develop properties where we provide financing through Cytonn Investments and real estate project management through our affiliate, Cytonn Real Estate," said Cytonn Investments chief investment officer Elizabeth Nkukuu.

The coastal property market has been low due to recent terror attacks, but stakeholders say there is optimism that the industry is beginning to show signs of recovery. "Our darker days are behind us and better days are ahead of us. As an investor or potential homeowner, it's the right time to strategically position yourself," said MySpace Properties chief executive Mwenda Thuranira.

Some of the major investments that are coming up in the coastal region include the Sh5 billion Sultan Palace Development in Kilifi County, and Home Afrika's Llango project which is being developed in Kwale County.

Cytonn is already developing projects in Ruaka, Kiambu County, and in the affluent Nairobi suburb of Karen.

The firm has set its eyes on the Nakuru and Kisumu market

It has also partnered with Taaleritehdas, a Finland-based private equity firm, on some projects.

Cytonn Investments CEO Edwin Dande with chief investment officer Elizabeth Nkukuu at a past function in Nairobi. FILE

Global automakers count losses from China port blast

EXPLOSION Firms assess damage after a fire in Tianjin leaves behind 54 dead and trail of destruction

Global automakers including Volkswagen AG and Toyota Motor Corp scrambled on Friday to assess damage to cars and facilities after two massive explosions in the port city of Tianjin, China's largest auto import hub.

The blasts that ripped through a warehouse storing volatile chemicals in the northeastern city late on Wednesday were so strong that they damaged buildings a few kilometres away.

French carmaker Renault SA said nearly 1,500 of its imported cars stored in a warehouse at the port had been burned while Toyota said the blasts broke windows at its car assembly, logistics, and research buildings, which are jointly run with China FAW Group Corporation.

Operations at the Toyota facilities had been closed for a week-long summer holiday and no one was injured, but a spokesman at Japan's biggest carmaker declined to say whether it could resume production as normal from today.

> “In our current view, the damage isn't that severe
>
> CHINA-BASED TOYOTA SPOKESMAN

“In our current view, the damage isn't that severe,” a China-based Toyota spokesman said.

Roughly 40 per cent of cars imported to China pass through Tianjin's port, or more than half a million units in 2014, according to the official Xinhua news agency. China imported 372.4 billion yuan ($60.8 billion) in cars last year, official data shows.

The blasts tore through an industrial area in the broader Tianjin port, killing at least 54 people, including a dozen fire fighters, state media said. About 700 people were injured.

Subaru maker Fuji Heavy Industries Ltd said more than 100 cars that were imported from Japan and were awaiting customs clearance in a warehouse had been damaged by broken windows. The warehouse, which does not belong to Fuji Heavy, is about 2km (1.2 miles) from the blast site, it said.

Volkswagen said that some of its imported cars were damaged but did not know exactly how many had been affected. Photographs from the scene showed rows of Beetles and other VW brand cars badly scorched by the explosion.

A destroyed car as a fire continues to burn after a series of explosions at a chemical warehouse hit the city of Tianjin, in northern China on Thursday. AFP

“We have a task force in the area to find out more and which is primarily concerned with the wellbeing of our employees,” a VW spokeswoman said.

Ford Motor Co, Nissan Motor Co Ltd and Toyota also said they were checking their cars parked around the port.

South Korea's Hyundai Motor Corp and Kia Motors Corp had a total of 4,000 cars near the blast site but did not have specific details on the extent of damage, the companies said.

BMW AG said it has two vehicle distribution centres near the port but the damage was unknown given the area had been cordoned off by authorities.

Mazda Motor Corp said over 50 cars imported from Japan were also damaged, with peeling paint and scratches. One nearby showroom was shut on Thursday after its windows shattered, it said.

Other Japanese businesses with a presence in Tianjin including a mall owned by Aeon Co and an Isetan Mitsukoshi Holdings Ltd department store sustained minor damage. Otsuka Holdings Co said a factory that makes the Pocari Sweat sports drink would be closed on Friday and Saturday as it assessed the site's safety.

Shipping giant Nippon Yusen KK said it could not assess damage at a terminal it operates in Tianjin because the area was off-limits, adding that a few workers sustained minor injuries at an affiliated car distribution company, which was also closed off.

- REUTERS

Eurozone grows less than expected in second quarter

The eurozone economy grew by less than expected in the second quarter, the European Union's statistics office said in its first estimate published on Friday.

Eurostat said gross domestic product in the 19-country euro area grew by 0.3 per cent quarter-on-quarter in the April-June period, for a 1.2 percent year-on-year rise.

Economists polled by Reuters had expected a 0.4 per cent quarterly expansion and a 1.3 per cent annual gain.

The relatively slow growth came despite a large monetary stimulus from the European Central Bank, and a weak euro helping exporters.

“Looking ahead, business surveys suggest that the eurozone economy will continue to expand, led by strong growth in Spain and a solid German economy. But they offer little hope that the recovery will gain pace,” Capital Economics said in a note,

“Indeed, we think it is more likely that growth in the region as a whole will slow further in the second half of the year.”

Separate data also confirmed that annual inflation was 0.2 per cent in July, stable compared with June, but still far off the near two per cent sought by the ECB, which has been trying to increase it with a large money-printing programme.

The first reading of second-quarter GDP in the eurozone comes two days after data showed that industrial output shrank by more than expected in June.

Earlier on Friday, the German economy, the currency bloc's largest, was shown to have grown by 0.4 per cent quarter on quarter, an improvement from the first quarter but still below expectations. Data from neighboring France also missed expectations, as GDP growth there stalled in second quarter.

Italian GDP growth also missed forecasts. **- REUTERS**

US oil hits 6-year low on high stocks

US crude oil fell to its lowest in almost six-and-a-half years on Friday as huge stockpiles and refinery shutdowns added to concerns about global oversupply and slowing economies in Asia.

Oil had already tumbled more than three per cent on Thursday, driven by a report that stocks at Cushing, Oklahoma, the delivery point for US crude futures, rose more than 1.3 million barrels in the week to August 11.

US crude was down 30 cents at $41.93 a barrel by 11.45am. The contract earlier hit an intraday low of $41.35, its lowest since March 4, 2009. Brent crude traded at $49.00, down 22 cents and some way off its 2015-low of $45.19 reached in January.

US crude is much weaker than the North Sea benchmark, partly due to a spate of refinery outages that has sapped US demand. The largest of those refineries — BP PLC's 413,500 barrels per day (bpd) facility in Whiting, Indiana, also the biggest in the US Midwest - has been forced to shut two-thirds of its capacity for repairs to a leak that could last a month or more.

Robin Bieber, director and technical analyst at London brokerage PVM Oil Associates, said the US crude oil contract, also know as West Texas Intermediate or WTI, had become somewhat dislocated from Brent:

An oil rig in Tioga, North Dakota in the US. AFP

Prices fall

■ Oil tumbled more than three per cent on Thursday, driven by a report that stocks at Cushing, Oklahoma rose more than 1.3 million barrels in the week to August 11.

“The contracts are not all on the same technical page and this causes a lack of clarity,” Bieber said. “WTI could plunge but the rest hold steady.”

Goldman Sachs said that a weaker Chinese yuan was putting downward pressure on all commodity markets.

“The (yuan) devaluation has been important for commodity markets and we believe it signals that global macro conditions have changed,” Goldman Sachs said in a note to clients.

“Even China has now joined the negative feedback loop that is running between commodity deflation, growth and deleveraging trends ... We believe the net commodity market effects are bearish.”

Analysts said that prices could fall further. “The lowest crude prices in six years might not be enough to put the brakes on the US supply growth. US shale players are actively cutting cost and some players are profitable at less than $30 per barrel,” ANZ Bank said.

On the demand side, China's crude oil imports have so far remained strong as authorities take advantage of low prices to build up strategic reserves and consumers kept spending despite the slowing economy.

- REUTERS

MARKET DATA

Agro Commodities Market

Early Morning wholesale commodity prices Date 14-08-2015

COMMODITY	Unit	Kg	Code	Nairobi	Mombasa	Kisumu	Nakuru	Eldoret	Machakos	Kisii
CEREAL										
Dry Maize	Bag	90	20	2900	3000	3200	2600	2800	3200	3000
Green Maize	Ext Bag	115	19	1800	6000	2200	1600	900	2600	
Finger Millet	Bag	90	41	7200	7200	7200	5800	6750		6000
Sorghum	Bag	90	42	3500	3600	3200	2700	4950		
Wheat	Bag	90	48	4000					3300	
LEGUMES										
Beans Canadian	Bag	90	4	5800		7200	5800		6900	
Beans Rosecoco	Bag	90	5	5600	5700	6800	5800	5400	6600	6000
Beans Mwitemania	Bag	90	7	5800	5200		4500	5400	5500	
Mwezi Moja	Bag	90	6	5600			4500			
Dolichos (Njahi)	Bag	90	35	12000	11700		10800	9900		
Green Gram	Bag	90	46	10500	9900	10000	8100	8500	12000	
Cowpeas	Bag	90	45	7100	5400	8000	7200	4050	4600	
Fresh Peas	Bag	51	27	1800	1700	2800	2200	1270	3000	
Groundnuts	Bag	110	44	13000	14400	9600	13700	9400		12000
ROOTS & TUBERS										
Red Irish Potatoes	Bag	50	29	1700	1800	2200		1200	4200	1800
White Irish Potatoes	Bag	50	30	1600	2300	2200	1600	1000	4200	
Cassava Fresh	Bag	99	43	1800	1500	2100			2600	
Sweet Potatoes	Bag	98	31	3100	2900	2500	2500	1800		1900
HORTICULTURE										
Cabbages	Ext Bag	126	9	1500	1600	900		800	900	700
Cooking Bananas	Med Bunch	22	2	530	700	300	350	720	650	300
Carrots	Ext Bag	138	13	2400	2800	3500	2200	900	2500	1700
Tomatoes	Lg Box	64	32	4700	5400	4500	5500	3800	4200	4500
Kales	Bag	50	15	1100	1000	1200	600	600	900	300
Onions Dry	net	13	22	800	700	1040	750	1040		350
Spring Onions	Bag	142	23	1600	4000	1500	1000	800		1800
Chillies	Bag	38	11	2200	1100	1500	2000			
Cucumber	Bag	50	14	2000	2000					
Capsicums	Bag	50	12	2000	2500	2300	1500	1750	2000	
Brinjals	Bag	44	8	1800	900	1400			1000	
Cauliflower	crate	39	10	1700	3100		800			
Lettuce	Bag	51	17	1700	2000					
FRUITS										
Passion Fruits	Bag	57	25	4700	7500	3100	5000	2280		
Oranges	Bag	93	24	3200	4600	3500	3000	3200	3200	5500
Lemons	Bag	95	16	2800	1300	1800	2700			2600
Ripe Bananas	Med Bunch	14	3	620	400	300	750	1000	800	
Mangoes Local	Bag	126	21	2200	2500	2800	3000	2000		
Mangoes Ngowe	Sm Basket	25	36	1000	1000	1800	500	1000		
Limes	net	13	18	1000	1000					
Pineapples	Dozen	13	28	740	840	630	480	1040	900	600
Pawpaw	Lg Box	54	26	1800	1300	1500	3000	1620	2200	650
Avocado	Bag	90	1	1900	3000	1700	2000	1500	2800	800
OTHERS										
Eggs	Tray		47	300	360	260	300	360		300

SOURCE: STATE DEPARTMENT OF AGRICULTURE. EMAIL MARKETINFO@KILIMO.GO.KE

MSCI Emerging Markets Sector Indices

NAME	LAST	NET.CHNG	PCT.CHNG	OPEN	HIGH	LOW	CLOSE
CI-UAE	462.43	7.67	1.69%	462.43	462.43	462.43	454.76
CI-AC AMER.	1,073.90	17.58	1.66%	1,073.90	1,073.90	1,073.90	1,056.32
CI-ASIA PAC	138.57	-1.64	-1.17%	138.57	138.57	138.57	140.20
CI-ARGENTINA	1,704.40	-194.49	-10.24%	1,704.40	1,704.40	1,704.40	1,898.89
CI-BRIC	535.45	-37.78	-6.59%	535.45	535.45	535.45	573.23
BRIC	255.00	-24.41	-8.74%	255.00	255.00	255.00	279.41
BRIC GROWTH	489.65	-30.81	-5.92%	489.65	489.65	489.65	520.46
BRIC VALUE	420.94	-33.04	-7.28%	420.94	420.94	420.94	453.98
CI-BAHRAIN	103.76	-2.25	-2.12%	103.76	103.76	103.76	106.00
CI-BRAZIL FREE	1,884.61	-71.95	-3.68%	1,884.61	1,884.61	1,884.61	1,956.56
CI-CHILE	4,105.60	-20.85	-0.51%	4,105.60	4,105.60	4,105.60	4,126.45
CI-CHINA FREE	66.24	-8.13	-10.94%	66.24	66.24	66.24	74.37
CI-COLOMBIA	2,296.03	-23.63	-1.02%	2,296.03	2,296.03	2,296.03	2,319.66
CI-CZECH REPUBLI	290.43	9.80	3.49%	290.43	290.43	290.43	280.63
CI-EU	489.31	18.02	3.82%	489.31	489.31	489.31	471.29
CI-EM	48,081.28	-2367.97	-4.69%	48,081.28	48,081.28	48,081.28	50,449.25
CI-EGYPT	1,742.41	-19.19	-1.09%	1,742.41	1,742.41	1,742.41	1,761.60
CI-AC EUROPE	532.30	21.20	4.15%	532.30	532.30	532.30	511.10
CI-C.FE	125.71	-4.61	-3.54%	125.71	125.71	125.71	130.32
CI-GOLD DRAGON	157.93	-14.16	-8.23%	157.93	157.93	157.93	172.09
CI-HUNGARY	1,049.68	32.97	3.24%	1,049.68	1,049.68	1,049.68	1,016.71
CI-INDON. FREE	5,591.15	-185.97	-3.22%	5,591.15	5,591.15	5,591.15	5,777.12
CI-INDIA	1,056.81	22.47	2.17%	1,056.81	1,056.81	1,056.81	1,034.34
CI-JOEG & MA	1,144.20	11.39	1.01%	1,144.20	1,144.20	1,144.20	1,132.80
CI-KOREA	525.56	-19.49	-3.58%	525.56	525.56	525.56	545.05
CI-KUWAIT	505.31	-4.20	-0.82%	505.31	505.31	505.31	509.51
CI-EM L.AMERICA	67,040.11	-1716.12	-2.50%	67,040.11	67,040.11	67,040.11	68,756.23
CI-SRI LANKA	730.20	59.85	8.93%	730.20	730.20	730.20	670.35
CI-MOROCCO	279.45	10.24	3.80%	279.45	279.45	279.45	269.21
CI-EM E.EUROPE	255.01	-3.80	-1.47%	255.01	255.01	255.01	258.81
CI-EM FAR EAST	595.38	-43.71	-6.84%	595.38	595.38	595.38	639.09
CI-EM ASIA	708.61	-43.84	-5.83%	708.61	708.61	708.61	752.45
CI-EM EUROPE	4,633.99	-78.91	-1.67%	4,633.99	4,633.99	4,633.99	4,712.90
CI-MEXICO FREE	42,574.87	-284.51	-0.66%	42,574.87	42,574.87	42,574.87	42,859.38
CI-MALAYSIA FREE	600.02	5.50	0.93%	600.02	600.02	600.02	594.51
CI-OMAN	778.75	16.60	2.18%	778.75	778.75	778.75	762.15
CI-PERU	1,928.16	-175.50	-8.34%	1,928.16	1,928.16	1,928.16	2,103.65
CI-PHILIPP.FREE	1,296.63	-0.92	-0.07%	1,296.63	1,296.63	1,296.63	1,297.55
CI-PAKISTAN	137.69	4.75	3.58%	137.69	137.69	137.69	132.93
CI-POLAND	1,613.28	-62.21	-3.71%	1,613.28	1,613.28	1,613.28	1,675.49
CI-QATAR	926.30	-38.71	-4.01%	926.30	926.30	926.30	965.02
CI-RUSSIA	782.62	-8.37	-1.06%	782.62	782.62	782.62	790.99
SOUTH EAST ASIA	1,219.95	-28.68	-2.30%	1,219.95	1,219.95	1,219.95	1,248.63
CI-THAILAND FREE	502.54	-19.40	-3.72%	502.54	502.54	502.54	521.95
CI-TURKEY	415.38	-25.15	-5.71%	415.38	415.38	415.38	440.53
CI-TAIWAN	327.03	-21.96	-6.29%	327.03	327.03	327.03	348.99
CI-ISRAEL	361.12	40.91	12.78%	361.12	361.12	361.12	320.20
CI-SOUTH AFRICA	1,339.42	-29.04	-2.12%	1,339.42	1,339.42	1,339.42	1,368.46

Commodities

Vegetables galore

Iowa

Fairgoers look at a display of vegetables during the Iowa State Fair last Friday in Des Moines, Iowa. The fair, the largest in the US, attracts over a million visitors each year. AFP

Global Commodity Prices

Effective date: 14th Aug 2015

AGRO COMMODITIES

SOFTS

COMMODITY	CURRENCY	LAST	NET CHNG
SUGAR NO5	USD	349.20	-0.50
COFFEE	USD	162.30	-19.45
COCOA	USD	3044.00	2.00
RUBBER	JPY	183.00	0.00
FROZEN OJ CON1	USC	129.70	-2.50
COTTON NO2	USC	67.00	-0.15
GRAINS			
CORN	USC	361.50	-2.25
MAIZE EUR	EUR	155.75	1.25
WHEAT	USC	498.25	-5.00
ROUGH RICE	USD	11.89	-0.01
OILSEEDS			
SOY BEANS	USC	985.00	-8.00
SOY BEAN OIL	USC	28.87	-0.16
CANOLA	CAD	489.80	-2.10
PALM OIL	MYR	2264.00	-8.0

METALS & MINING

SYMBOL	CURRENCY	LAST	NET CHG
100 OZ GOLD	USD	1117.80	2.10
SILVER	JPY	60.00	1.00
HG COPPER	USC	2.37	0.00
PLATINUM	JPY	3961.00	12.00
ALUMINIUM	CNY	12030.00	-15.00
PALLADIUM	JPY	2543.00	75.00

OIL& GAS

SYMBOL	CURRENCY	LAST	NET CHG
LIGHT CRUDE	USD	42.10	-0.13
NO 2 HT OIL	USD	1.57	0.00
BRENT CRUDE	USD	49.26	0.04
GAS OIL	USD	477.75	2.00
NATURAL GAS	USD	2.79	0.00
KEROSINE	JPY	49260.00	520.00

Unit Trusts

Effective date: 13th Aug 2015

MONEY MARKET FUND	CURRENCY	DAILY YIELD	EFFECTIVE ANNUAL RATE
OLD MUTUAL	SH	7.88%	8.17%
BRITISH AMERICAN	SH	11.08%	11.72%
UAP	SH	11.03%	11.66%
GENCAP HELA	SH	11.89%	12.43%
PAN AFRICA PESA+	SH	10.80%	11.40%
AMANA	SH	10.02%	11.59%
MADISSON	SH	11.47%	12.10%
ICEA	SH	11.76%	12.48%
CIC	SH	11.94%	12.60%
CBA	SH	10.10%	10.54%
STANLIB	SH	10.25%	10.74%
NABO AFRICA	USD	96.22	96.22
FIXED INCOME FUND	CURRENCY	BUY	SELL
GENCAP HAZINA	SH	111.7	115.75
NABO AFRICA	USD	93.63	93.63
CIC	SH	9.55	9.80
BALANCED FUND			
OLD MUTUAL / TOBOA	SH	152.87	162.78
BRITISH AMERICAN	SH	184.26	189.64
GENCAP ENEZA	SH	120.38	124.75
UAP	SH	10.74	11.28
AMANA	SH	124.61	124.61
MADISSON	SH	60.50	63.85
PAN AFRICA CHAMA+	SH	10.45	10.77
STANLIB	SH	125.79	125.79
CIC	SH	13.09	13.71
ICEA	SH	132.30	139.26
NABO AFRICA	USD	103.34	103.34
EQUITY FUND			
OLD MUTUAL	SH	372.83	399.48
OLD MUTUAL EAST AFRICA FUND	SH	148.54	157.20
BRITISH AMERICAN	SH	193.33	199.47
CBA	SH	156.20	156.20
AMANA	SH	122.37	122.37
GENCAP HISA	SH	124.92	129.45
MADISSON	SH	46.06	48.92
ICEA	SH	139.00	146.32
UAP	SH	9.85	10.35
STANLIB	SH	177.78	177.78
CIC	SH	13.74	14.46
NABO AFRICA	USD	96.43	96.43
BOND FUND			
OLD MUTUAL BOND FUND	SH	97.58	99.90
BRITISH AMERICAN	SH	136.71	139.50
ICEA	SH	92.15	93.08
UAP	SH	11.18	11.18
PAN AFRICA PATA+	SH	9.80	10.10
STANLIB FUND B1	SH	98.35	98.35
STANLIB FUND A	SH	97.58	97.58
SHARIAH COMPLIANT			
GENCAP IMAN	SH	111.13	116.98

MARKET DATA

Eurozone's economies grow by 0.3pc in April-June

The economies of the 19 countries that use the euro grew by about 0.3 per cent between April and June, according to official figures.

The first estimate from Eurostat marks a slight slowdown from the 0.4 per cent registered in the first quarter.

The statistics agency also announced that inflation in the eurozone was 0.2 per cent in July, unchanged from June's figure.

Earlier, it was announced that France's economy did not grow at all between April and June.

But growth in the first three months of the year was revised up from 0.6 per cent to 0.7 per cent, the statistics office Insee said.

Strong exports

The German economy grew 0.4 per cent, up from 0.3 per cent in the first quarter. Italy's economy grew 0.2 per cent, slowing from 0.3 per cent the previous quarter.

In the wider 28-member EU, GDP grew 0.4 per cent, which was unchanged from the previous quarter, while inflation was 0.1 per cent in July, unchanged from June.

Eleven member states reported deflation in the month, with Cyprus recording the biggest drop at -2.4 per cent. Malta reported the most inflation at 1.2 per cent.

French finance minister Michel Sapin said his country's economy was still on track to reach the government's forecast of one per cent growth for the year.

He highlighted strong exports, which grew 1.7 per cent in the quarter, having grown 1.3 per cent in the previous quarter.

Zero growth

Growth in consumption by households slowed sharply from 0.9 per cent to 0.1 per cent, while production of goods and services contracted slightly.

Exports also grew strongly in Germany, helped by the weaker euro.

Finland's economy recorded a second quarter of contraction, down 0.4 per cent having recorded negative growth of 0.1 per cent in the first quarter.

On Thursday, preliminary figures from Greece suggested its economy grew a considerably better-than-expected 0.8 per cent in the second quarter, while the first quarter's figure was revised from a 0.2 per cent contraction to zero growth.

WINNERS AND LOSERS - YTD

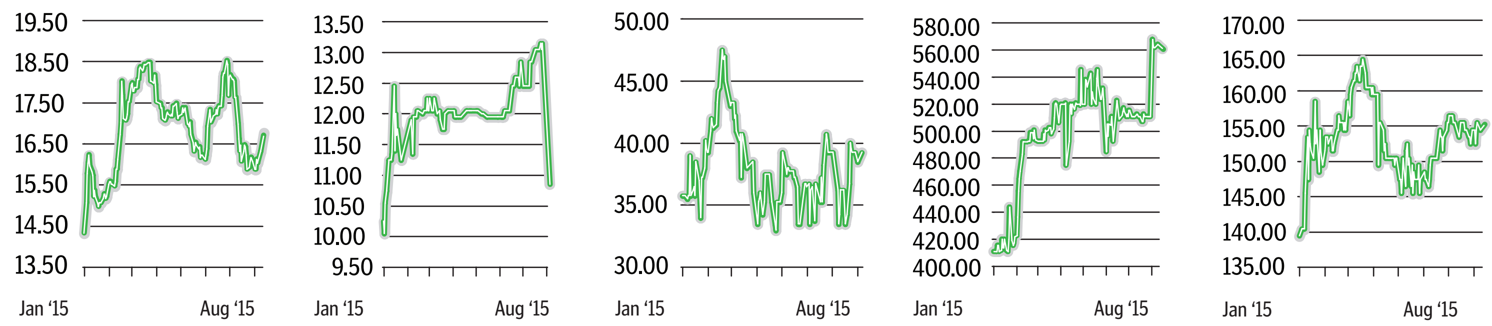
KPLC Kenya 16.65 1.22%

Marshalls EA Kenya 10.80 0.00%

Standard Group Kenya 39.00 0.00%

Jubilee Kenya 563.00 -0.35%

Bamburi Kenya 155.00 0.65%



	KPLC	Marshalls EA	Standard Group	Jubilee	Bamburi
Earnings per share	3.31	-11.90	2.57	48.00	9.80
Price to earnings ratio (p/e)	5.03	-0.91	15.18	11.73	15.82
Dividend Yield	3.00%	0.00%	1.28%	1.51%	7.74%

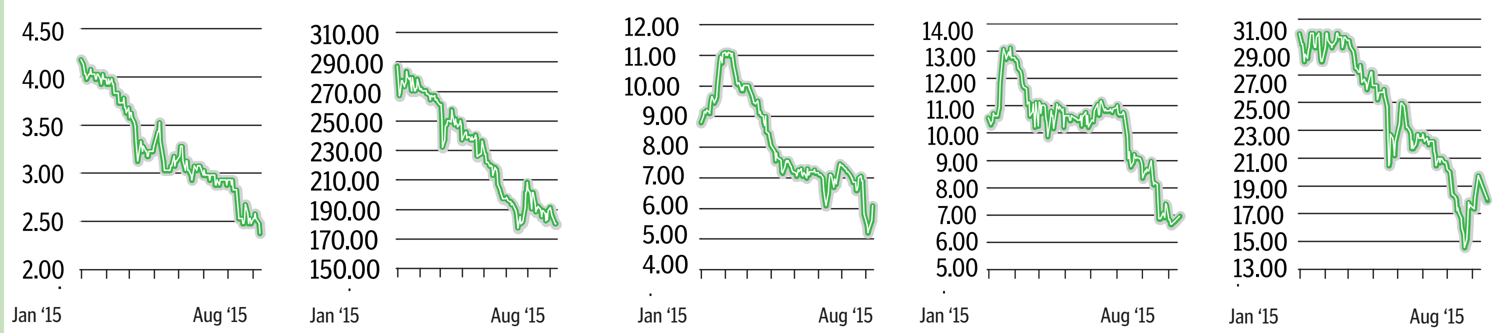
Home Africa Kenya 2.35 0.00%

NMG Kenya 180.00 0.56%

KQ Kenya 6.00 1.69%

Uchumi Kenya 7.00 0.00%

Britam Kenya 18.00 -4.26%



	Home Africa	NMG	KQ	Uchumi	Britam
Earnings per share	-0.04	13.10	-13.35	1.45	1.31
Price to earnings ratio (p/e)	-58.75	13.74	-0.45	4.83	13.74
Dividend Yield	0.00%	5.56%	0.00%	4.29%	1.67%

Tracking the markets: Benchmark Index (Latest Data)

Africa

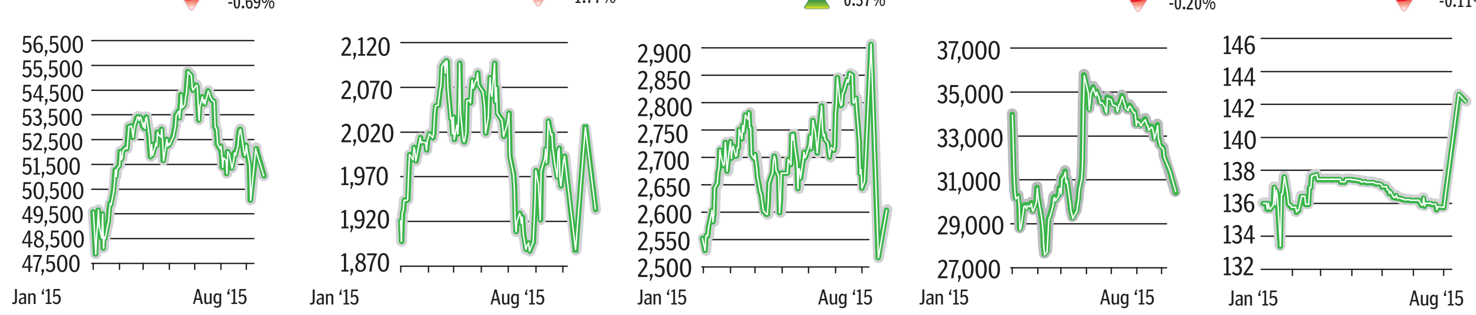
JSE All Share Index South Africa 51,023.40 -0.69%

USE All Share Uganda 1,948.00 -1.77%

DSE All Share Tanzania 2,601.97 0.37%

NGSE All share Nigeria 30,690.93 -0.20%

RSE All Share Rwanda 142.34 -0.11%



World

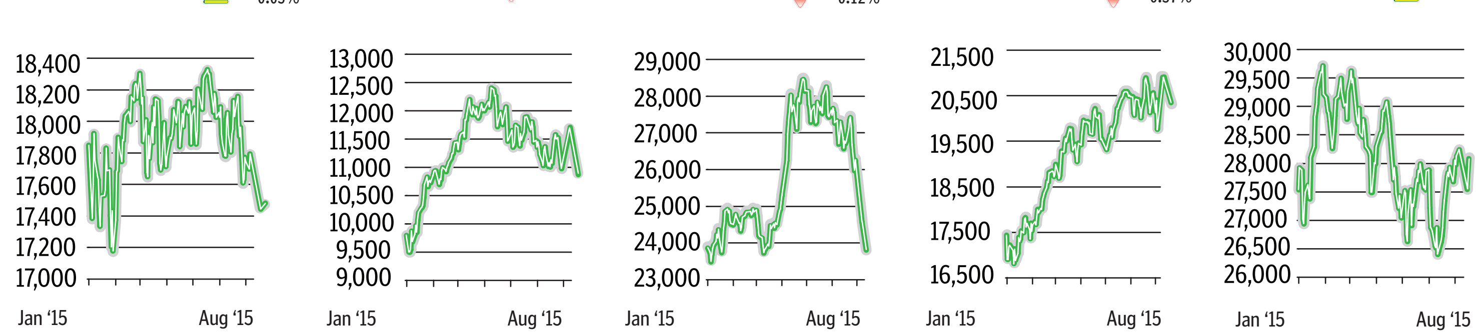
DJ Industrial New York 17,408.25 0.03%

Xetra Dax Frankfurt 10,995.46 -0.17%

HangSeng Hongkong 23,991.03 -0.12%

Nikkei Tokyo 20,519.45 -0.37%

Sensex Mumbai 28,067.31 1.88%



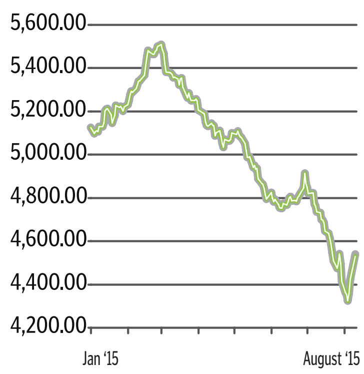
MARKET DATA

Nairobi Stocks

NSE 20 Share Index

Nairobi

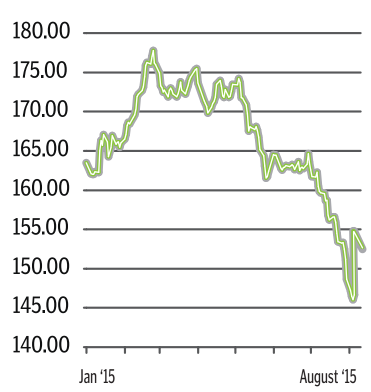
4,496.23
▲ 0.02%



All Share Index (NASI)

Nairobi

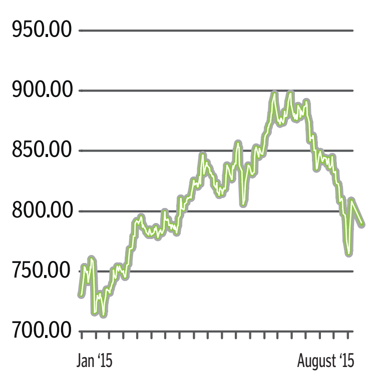
152.09
▼ -0.84%



PineBridge -27 Index

Nairobi

789.89
▼ -0.70%



Active Counters

Counter	Price Last fri	Price Prev fri	% Change	Total Shares Traded
Safaricom	15.00	14.55	3.09%	46,535,600
KQ	6.00	5.25	14.29%	12,483,300
KCB	47.50	49.25	-3.55%	8,497,600
Equity	42.00	43.25	-2.89%	5,725,900
Kenya Re	17.60	16.55	6.34%	5,250,100

Gainers

Counter	Price last fri	Price Prev fri	Net Change	% Chng
KQ	6.00	5.25	0.75	14.29%
Flame Tree Group	7.95	7.00	0.95	13.57%
Sasini	17.85	16.10	1.75	10.87%
Total	23.00	20.75	2.25	10.84%
Express (K) AIMS	5.05	4.60	0.45	9.78%

Losers

Counter	price Last fri	price Prev fri	Net Change	% Chng
BOC Gases	117.00	130.00	-13.00	-10.00%
Marshalls	10.80	12.00	-1.20	-10.00%
Eveready EA	3.55	3.90	-0.35	-8.97%
EAPC	54.00	59.00	-5.00	-8.47%
EA Cables	14.70	15.50	-0.80	-5.16%

African Indices

NAME	LOCATION	LAST		NET.CHNG	PCT.CHNG	OPEN	HIGH	LOW	CLOSE
NSE 20 - SHR IDX	KENYA	4,496.23	▲	0.71	0.02%	4,495.52	4,495.52	4,495.52	4,495.52
LUSE ALL SHARE INDEX	ZAMBIA	5,843.32	■	0.00	0.00%	5,843.32	5,843.32	5,843.32	5,843.32
JSE ALL SHARE INDEX	SOUTH AFRICA	51,023.40	▼	-352.04	-0.69%	51,375.37	51,531.15	51,011.85	51,375.44
ALSIUG	UGANDA	1,948.00	▼	-35.00	-1.77%	1,983.00	1,983.00	1,983.00	1,983.00
ZSE INDUSTRIAL	ZIMBABWE	142.22	▼	-0.71	-0.50%	142.93	142.93	142.93	142.93
CFG INDEX	MOROCCO	20,447.70	▼	-100.73	-0.49%	20,543.90	20,547.76	20,413.47	20,548.43
MALAWI ALL SHR	MALAWI	15,913.90	▼	-1.48	-0.01%	15,915.38	15,915.38	15,915.38	15,915.38
NSE ALL SHARE/D	NIGERIA	30,690.93	▼	-61.70	-0.20%	30,752.63	30,826.09	30,659.38	30,752.63
DSE ALL SHR IDX	TANZANIA	2,601.97	▲	9.52	0.37%	2,592.45	2,592.45	2,592.45	2,592.45
EGX 30 IDX/D	EGYPT	7,879.82	▼	-32.06	-0.41%	7,913.76	7,949.96	7,879.82	7,911.88
TUN MAIN INDEX	TUNISIA	5,571.05	▼	-20.50	-0.37%	5,589.31	5,589.50	5,553.28	5,591.55
RSE ALLSHARE IND	RWANDA	142.34	▼	-0.16	-0.11%	142.34	142.34	142.34	142.50

Weekly Share Report

	52 WK HIGH	52 WK LOW	YTD %	PRICE LAST FRI	PRICE PREV FRI	WEEKLY PRICE CHANGE	SHARES TRADED LAST WEEK	SHARES ISSUED	MKT CAP. KSHS MN	EPS LATEST 12MNTH	P / E TRAILING	PBV TRAILING	DPS LATEST 12MNTH	TOTAL DIVIDEND YIELD
AGRICULTURAL														
EAAGADS AIMS	100.00	29.50	-22.62%	33.00	32.75	0.76%	18,800	32,157,000	1,061.18	0.18	183.33	2.64	0.00	0.00%
KAKUZI	383.00	113.00	110.56%	344.00	325.00	5.85%	10,100	19,599,999	6,742.40	2.22	154.95	2.33	0.00	0.00%
KAPCHORUA TEA AIMS	242.00	115.00	64.23%	225.00	228.00	-1.32%	6,700	3,912,000	880.20	-5.82	-38.66	0.64	5.00	2.22%
LIMURU TEA AIMS	1,248.00	650.00	41.37%	1,090.00	1,090.00	0.00%	-	1,800,000	1,962.00	-0.28	-	5.31	1.00	0.09%
REA VIPINGO	27.50	27.50	0.00%	27.50	27.50	0.00%	-	60,000,000	1,650.00	8.71	3.16	0.74	0.00	0.00%
SASINI	18.70	11.50	32.30%	17.85	16.10	10.87%	1,763,700	228,055,500	4,070.79	2.01	8.88	0.64	1.00	5.60%
WILLIAMSON TEA AIMS	435.00	240.00	59.27%	395.00	395.00	0.00%	4,000	8,756,320	3,458.75	-23.77	-16.62	0.54	40.00	10.13%
AUTOMOBILES & ACCESSORIES														
CAR & GEN	62.00	37.25	-22.22%	42.00	42.00	0.00%	4,400	40,103,308	1,684.34	0.43	97.67	0.81	0.00	0.00%
MARSHALLS	13.60	8.15	10.20%	10.80	12.00	-10.00%	400	14,393,106	155.45	-11.90	-0.91	0.40	0.00	0.00%
SAMEER	7.80	4.50	-20.83%	4.75	4.60	3.26%	21,000	278,342,393	1,322.13	0.17	27.94	0.57	0.00	0.00%
BANKING														
BARCLAYS	18.45	14.00	-11.38%	14.55	14.35	1.39%	859,400	5,431,536,000	79,028.85	0.57	25.53	2.44	0.00	0.00%
CFC STANBIC	141.00	90.00	-22.98%	94.50	97.50	-3.08%	110,600	395,321,638	37,357.89	4.96	19.05	1.62	0.75	0.79%
DTBK	280.00	193.00	-14.47%	202.00	204.00	-0.98%	39,900	220,100,096	44,460.22	9.64	20.95	2.12	0.00	0.00%
EQUITY	63.00	37.00	-16.00%	42.00	43.25	-2.89%	5,725,900	3,702,777,020	155,516.63	1.16	36.21	3.02	0.00	0.00%
HF	55.00	20.50	-48.63%	23.75	22.75	4.40%	412,900	352,416,667	8,369.90	2.79	8.51	0.92	0.65	2.74%
I&M HOLDINGS	141.00	106.00	-13.82%	106.00	106.00	0.00%	-	392,362,039	41,590.38	13.56	7.82	1.90	2.90	2.74%
KCB	65.50	45.50	-15.35%	47.50	49.25	-3.55%	8,497,600	3,025,219,832	143,697.94	5.45	8.72	2.22	0.00	0.00%
NBK	30.00	16.00	-22.42%	20.75	20.50	1.22%	312,600	308,000,000	6,391.00	5.54	3.75	0.47	0.00	0.00%
NIC BANK	85.00	47.00	-13.48%	49.75	49.50	0.51%	436,800	639,945,603	31,837.29	1.47	33.84	1.53	0.00	0.00%
STAN. CHART.	357.00	256.00	-16.42%	280.00	275.00	1.82%	233,800	309,159,514	86,564.66	5.85	47.86	2.39	0.00	0.00%
CO-OP BANK	23.25	17.50	-1.50%	19.50	19.80	-1.52%	5,228,200	4,889,316,295	95,341.67	1.22	15.98	2.22	0.00	0.00%
COMMERCIAL														
ATLAS DEV& SUPPORT SERV	13.75	9.50		9.50	9.50	0.00%	5,000	433,063,193	4,114.10	1.51	6.28		0.00	0.00%
EXPRESS (K) AIMS	8.50	4.50	-18.55%	5.05	4.60	9.78%	2,200	35,403,790	178.79	-2.18	-2.32	0.90	0.00	0.00%
HUTCHINGS BIEMER	20.25	20.25	0.00%	20.25	20.25	0.00%	-	360,000	7.29	-18.34	-1.10	-	0.00	0.00%
KQ	11.50	5.00	-32.18%	6.00	5.25	14.29%	12,483,300	1,496,469,035	8,978.81	-13.35	-0.45	2.87	0.00	0.00%
LONGHORN PUBLISHERS AIMS	30.75	6.45	-27.03%	6.50	6.85	-5.11%	270,200	243,750,000	1,584.38	0.27	24.07	0.88	0.00	0.00%
NATION MEDIA	321.00	175.00	-31.94%	180.00	178.00	1.12%	51,700	188,542,286	33,937.61	4.94	36.44	4.15	2.50	1.39%
STANDARD GRP	47.50	31.50	12.23%	39.00	38.75	0.65%	18,200	81,731,808	3,187.54	2.57	15.18	1.76	0.50	1.28%
TPS EA	40.00	30.00	-10.81%	33.25	33.00	0.76%	2,300	182,174,108	6,057.29	-0.61	-54.51	0.55	0.00	0.00%
UCHUMI	15.60	6.40	-30.35%	7.00	6.50	7.69%	437,300	364,959,616	2,554.72	-0.72	-9.72	0.64	0.00	0.00%
WPP SCANGROUP	52.00	35.00	-17.13%	39.00	38.00	2.63%	73,900	378,865,102	14,775.74	0.43	90.70	1.80	0.00	0.00%
CONSTRUCTION & ALLIED														
ARM CEMENT LTD	95.00	60.00	-26.16%	63.50	61.00	4.10%	794,500	495,275,000	31,449.96	-1.40	-45.36	3.87	0.00	0.00%
BAMBURI	180.00	135.00	10.79%	155.00	154.00	0.65%	32,500	362,959,275	56,258.69	9.80	15.82	1.94	6.00	3.87%
CROWN BERGER	187.00	54.00	-40.09%	68.50	65.00	5.38%	25,100	23,727,000	1,625.30	9.26	7.40	1.19	1.75	2.55%
EA CABLES	17.00	14.00	-7.72%	14.70	15.50	-5.16%	55,900	253,125,000	3,720.94	1.16	12.67	1.54	1.00	6.80%
EAPC	78.00	51.00	3.45%	54.00	59.00	-8.47%	2,000	90,000,000	4,860.00	-0.75	-72.00	1.00	0.00	0.00%
ENERGY & PETROLEUM														
KENGEN	13.15	8.00	-19.42%	8.30	8.25	0.61%	1,220,000	2,198,361,456	18,246.40	2.24	3.71	0.27	0.00	0.00%
KENOLKOBIL	10.50	7.55	0.00%	8.50	8.55	-0.58%	2,723,200	1,471,761,200	12,509.97	0.74	11.49	1.88	0.10	1.18%
KENYA POWER	18.50	13.00	13.84%	16.65	16.00	4.06%	1,321,800	1,951,467,045	32,491.93	2.14	7.78	0.75	0.20	1.20%
TOTAL	32.00	20.25	-4.17%	23.00	20.75	10.84%	41,100	175,028,706	4,025.66	2.26	10.18	0.79	0.70	3.04%
UMEME	23.00	16.00	-17.14%	17.40	17.40	0.00%	2,189,400	1,623,878,005	28,255.48	1.34	12.99	3.09	0.90	5.17%
INSURANCE														
BRITISH AMERICAN	40.00	14.00	-36.81%	18.00	18.20	-1.10%	1,349,300	1,938,415,838	34,891.49	1.31	13.74	2.01	0.30	1.67%
CIC INSURANCE	12.40	6.00	-19.79%	7.75	7.65	1.31%	1,160,600	2,615,538,528	20,270.42	0.08	96.88	2.51	0.00	0.00%
JUBILEE	600.00	370.00	25.56%	563.00	557.00	1.08%	20,700	59,895,000	33,720.89	48.00	11.73	3.15	8.50	1.51%
KENYA RE	20.00	15.45	4.99%	17.60	16.55	6.34%	5,250,100	699,949,068	12,319.10	2.15	8.19	0.69	0.00	0.00%
LIBERTY KENYA	28.00	17.00	-8.60%	22.00	21.25	3.53%	56,300	535,707,499	11,785.56	2.14	10.28	2.23	0.50	2.27%
PAN AFRICA	141.00	60.00	-41.67%	70.00	67.00	4.48%	134,800	96,000,000	6,720.00	9.07	7.72	2.01	0.00	0.00%
INVESTMENT														
CENTUM INVEST.	84.50	45.00	-14.75%	51.50	53.00	-2.83%	999,800	665,441,775	34,270.25	10.44	4.93	1.69	0.00	0.00%
HOME AFRICA GEMS	5.55	2.30	-42.68%	2.35	2.45	-4.08%	3,176,300	405,255,320	952.35	-0.04	-58.75	-	0.00	0.00%
KURWITU VENTURES LTD GEMS	1,500.00	1,500.00	-	1,500.00	1,500.00	0.00%	-	102,272	153.41	-62.40	-24.04		0.00	0.00%
OLYMPIA	10.85	2.50	-12.50%	4.75	4.85	-2.06%	35,500	40,000,000	190.00	-1.04	-4.57	0.24	0.00	0.00%
TRANSCENTURY AIMS	24.00	12.00	-22.48%	14.75	15.00	-1.67%	74,600	280,284,476	4,134.20	8.53	1.73	0.78	0.00	0.00%
INVESTMENT SERVICES														
NAIROBI SECURITIES EXCHG	28.00	15.00		20.25	20.00	1.25%	573,500	194,625,000	3,941.16	2.13	9.51	5.40	0.38	1.88%
MANUFACTURING & ALLIED														
A. BAUMANN AIMS	11.10	11.10	0.00%	11.10	11.10	0.00%	-	3,840,066	42.62	-2.02	-5.50	-	0.00	0.00%
BOC GASES	165.00	117.00	4.00%	117.00	130.00	-10.00%	134,500	19,525,446	2,284.48	11.76	9.95	1.57	5.20	4.44%
BAT KENYA	1,050.00	652.00	-13.11%	800.00	736.00	8.70%	561,500	100,000,000	80,000.00	19.41	41.22	10.57	3.50	0.44%
CARBACID	30.00	14.00	-22.07%	16.90	17.45	-3.15%	657,600	254,851,988	4,307.00	0.87	19.43	2.60	0.00	0.00%
EABL	355.00	262.00	-2.27%	307.00	304.00	0.99%	1,262,100	790,774,356	242,767.73	11.32	27.12	8.89	6.00	1.95%
EVEREADY EA	5.35	2.65	-9.46%	3.55	3.90	-8.97%	235,100	210,000,000	745.50	-0.05	-71.00	2.31	0.00	0.00%
FLAME TREE GROUP	14.00	7.00	-	7.95	7.00	13.57%	254,500	161,866,804	1,286.84	0.99	8.03		0.00	0.00%
K. ORCHARDS AIMS	192.00	10.50	-9.09%	100.00	100.00	0.00%	-	12,868,124	1,286.81	-1.97	-50.76	526.32	0.00	0.00%
MUMIAS	3.85	1.35	-5.13%	1.95	2.00	-2.50%	4,879,100	1,530,000,000	2,983.50	-0.95	-2.05	0.28	0.00	0.00%
UNGA	56.50	32.00	17.61%	43.00	40.00	7.50%	8,500	75,708,873	3,255.48	3.41	12.61	0.69	0.00	0.00%
TELECOMMUNICATION & TECHNOLOGY														
SAFARICOM	17.90	11.85	9.96%	15.00	14.55	3.09%	46,535,600	40,065,428,000	600,981.42	0.80	18.75	7.50	0.64	4.27%

AIMS   GEMS

MARKET UPDATES

TO RECEIVE NATIONMOBILE ALERTS ON YOUR CELLPHONE, SMS THE STOCK YOU WANT, E.G. STOCKS KENGEN, TO 20667. EACH ALERT COSTS SH5 ABOVE NORMAL RATES.

Equities & Bonds

Share Price Performance Scorecard

SCORECARD AS AT 14TH AUGUST 2015

NAME	PREVIOUS	CLOSE	% 1D	% 5D	% 1M	% 3M	% 6M	% 1Y
A BAUMANN	11.10	11.10	0.00	0.00	0.00	0.00	0.00	0.00
ATLAS DEVPNT & SPPRT SERV	9.50	9.50	0.00	0.00	-5.47	-14.41	-20.50	-
ATHI RIVER MINING	63.50	63.50	0.00	4.10	-12.41	-20.13	-26.16	-21.60
BAMBURI	154.00	155.00	0.65	0.65	2.65	4.03	1.97	-11.43
BARCLAYS KEN	14.80	14.55	-1.69	1.39	-4.90	-5.83	-12.87	-15.41
BAT KENYA	789.00	800.00	1.39	8.70	6.67	3.90	-11.11	13.96
BOC KENYA	130.00	117.00	-10.00	-10.00	-15.83	-10.00	-21.48	-19.86
BRITISH AMERICAN	18.80	18.00	-4.26	-1.10	1.12	-21.74	-37.93	-25.77
CAR & GENERAL	42.00	44.00	0.00	0.00	-5.08	-8.70	-19.23	-4.55
CARBACID INV	16.95	16.90	-0.29	-3.15	-5.06	-15.50	-31.72	-36.82
CENTUM INV	52.00	51.50	-0.96	-2.83	-13.45	-18.90	-17.60	7.29
CFC STANBIC BANK	95.50	94.50	-1.05	-3.08	-13.30	-23.17	-27.86	-25.59
CIC INSURANCE	7.70	7.75	0.65	1.31	2.65	-13.89	-29.86	0.00
CO-OP BANK	19.70	19.50	-1.02	-1.52	-7.14	-14.29	-2.50	2.36
CROWN BERGER	66.50	68.50	3.01	5.38	19.13	-58.48	-54.33	-31.50
DIAMOND KEN	201.00	202.00	0.50	-0.98	-7.34	-15.48	-16.87	-17.89
EA CABLES	14.95	14.70	-1.67	-5.16	-8.13	0.00	-6.37	-10.09
EA PORT CEM	60.00	54.00	-10.00	-8.47	-11.48	-8.47	-22.86	-26.53
EAAGADS	32.50	33.00	1.54	0.76	-7.04	0.00	-17.50	3.94
EA AFR BREW	301.00	307.00	1.99	0.99	7.72	1.32	-7.53	3.02
EQUITY BANK	42.00	42.00	0.00	-2.89	-6.67	-12.04	-20.75	-8.20
EVEREADY EA	3.35	3.55	5.97	-8.97	-11.25	-12.35	-21.98	12.70
EXPRESS KEN	5.05	5.05	0.00	9.78	0.00	-9.82	-19.84	-20.47
FLAME TREE HLDNGS	7.60	7.95	4.61	13.57	-0.62	-11.67	-8.62	-
G WILLIAMSON	395.00	395.00	0.00	0.00	-0.50	44.16	31.67	46.30
HUTCHINGS BIEMER	20.25	20.25	0.00	0.00	0.00	0.00	0.00	0.00
HOME AFRICA LIMITED	2.35	2.35	0.00	-4.08	-12.96	-21.67	0.00	0.00
HOUSING FIN	23.50	23.75	1.06	4.40	-10.38	-25.78	-41.72	-46.63
I&M HOLDING	106.00	106.00	0.00	0.00	-8.62	-20.90	-13.11	0.00
JUBILEE HLDS	565.00	563.00	-0.35	1.08	0.36	-2.93	4.45	47.38
KAKUZI	379.00	344.00	-9.23	5.85	-3.37	16.61	40.98	102.35
KAPCHORUA	225.00	225.00	0.00	-1.32	27.12	93.97	59.57	66.67
KEN ORCHARDS	100.00	100.00	0.00	0.00	0.00	-4.76	-9.09	852.38
KENGEN	8.30	8.30	0.00	0.61	-7.78	-12.17	-19.02	-18.63
KENYA AIRWAYS	5.90	6.00	1.69	14.29	-13.67	-14.89	-43.13	-42.03
KENYA COM BK	48.25	47.50	-1.55	-3.55	-12.84	-18.10	-19.49	-15.18
KENOLKOBIL	8.70	8.50	-2.30	-0.58	4.29	-1.16	-15.00	6.25
KENYA POWER	16.45	16.65	1.22	4.06	0.60	-1.77	3.74	15.22
KENYA RE	17.90	17.60	-1.68	6.34	0.00	1.15	-4.35	-0.56
KURWITU	1500.00	1500.00	0.00	0.00	0.00	0.00	0.00	-
LIBERTY HOLDINGS	21.25	22.00	3.53	3.53	-9.28	-11.11	-10.20	22.91
LIMURU TEA	1090.00	1090.00	0.00	0.00	0.00	14.74	7.18	62.69
LONGHORN	6.75	6.50	-3.70	-5.11	-9.72	-18.24	-30.85	-61.65
MARSHALL	10.80	10.80	0.00	-10.00	-12.90	-9.62	-9.24	20.00
MUMIAS SUGAR	1.85	1.95	5.41	-2.50	-7.14	0.00	-31.58	-13.33
NAIROBI SECURITIES	20.25	20.25	0.00	1.25	0.00	6.30	-1.22	-
NATION MEDIA	179.00	180.00	0.56	1.12	-3.23	-17.05	-32.33	-42.31
NATL BANK KEN	19.20	20.75	8.07	1.22	16.25	1.22	-17.82	-23.85
NIC BANK	49.75	49.75	0.00	0.51	-1.49	-12.72	-21.03	-26.84
OLYMPIA CAPITAL	4.55	4.75	4.40	-2.06	-5.00	-2.06	-26.36	-5.00
PAN AFR INS	70.00	70.00	0.00	4.48	3.70	-27.46	-40.68	-42.15
REA VIPINGO	27.50	27.50	0.00	0.00	0.00	0.00	0.00	0.00
SAFARICOM	15.45	15.00	-2.91	3.09	-4.76	-8.26	1.01	17.19
SAMEER AFRICA	4.75	4.75	0.00	3.26	-5.94	-12.04	-28.57	-26.92
SASINI	17.00	17.85	5.00	10.87	9.51	12.62	32.71	11.91
WPP SCANGROUP	37.50	39.00	4.00	2.63	0.00	-6.02	-13.33	-13.33
STANDARD GRP	39.00	39.00	0.00	0.65	17.29	3.31	-4.88	9.09
STD CHART KEN	280.00	280.00	0.00	1.82	-10.26	-10.54	-18.84	-10.26
TOTAL KENYA	23.00	23.00	0.00	10.84	3.37	1.10	-16.36	-4.17
TPS (EA)	33.00	33.25	0.76	0.76	-8.28	-7.64	-11.33	-7.64
TRANSCENTURY	15.00	14.75	-1.67	-1.67	1.37	9.26	0.00	0.00
UCHUMI SUPER	7.00	7.00	0.00	7.69	-17.65	-36.36	-39.39	-46.15
UNGA GROUP	46.75	43.00	-8.02	7.50	-4.44	-6.01	-4.97	28.36

Weekly Corporate Bonds

AUG 14 , 2015 — BONDS LISTED AT THE NAIROBI SECURITIES EXCHANGE

	ISSUE DATE	MATURITY DATE	ISSUED VALUE IN MILLIONS	COUPON (%)	TOTAL VALUE(KSH)	NO OF TRADES
ISSUE NO.						
CORPORATE BONDS						
CENTUM BOND SENIOR UNSECURED FIXED RATE AND EQUITY LINKED NOTES						
CTNB.BD.18.09.17/13.50	26-SEP-12	18-SEP-17	2,917.10	13.500		
CTNB.BD.18.09.17/12.75	26-SEP-12	18-SEP-17	1,250.80	12.750		
CTNB.BD.08.06.20/13	15-JUN-15	8-JUN-20	3,899.22	13.000		
CTNB.BD.08.06.20/12.5	15-JUN-15	8-JUN-20	2,100.77	12.500		
CTNB.BD.08.06.20/12.5V	15-JUN-15	8-JUN-20	2,100.77			
CONSOLIDATED BANK OF KENYA LTD MEDIUM TERM NOTE PROGRAMME						
CON.BD-FXD(SN)/2012/7YR	30-JUN-12	24-JUL-19	1480.60	13.250		
CON.BD-FXD(SBN)/2012/7YR	30-JUN-12	24-JUL-19	1965.00	13.600		
CON.BD-FR(SN)/2012/7YR	30-JUN-12	24-JUL-19	1.00			
SHELTER AFRIQUE MEDIUM TERM UNSECURED NOTES						
FXD 2/2012/3YR 2ND TRANCHE	17-DEC-12	14-DEC-15	500.00	12.750		
MRM						
FR (MRM) 2008/8YR	27-OCT-08	3-JAN-17	13,785			
FXD (MRM) 2008/8YR	27-OCT-08	3-JAN-17	6,215	13.000		
CFC STANBIC BANK SENIOR & SUBORDINATED BOND ISSUE						
FR (CFC STANBIC) 2009/7YR	7-JUL-09	7-JUL-16	9,790			
FXD (CFC STANBIC) 2009/7YR	7-JUL-09	7-JUL-16	24,020	12.500		
KENGEN PUBLIC INFRASTRUCTURE BOND OFFER 2019						
FXIB 1/2009/10YR	2-NOV-09	31-OCT-19	15,625.00	12.500		
SAFARICOM LTD DOMESTIC MEDIUM TERM NOTE						
FXD2 (SAFARICOM LTD) 2009/5YR	20-DEC-10	20-DEC-15	4,287	7.750		
FR2 (SAFARICOM LTD) 2009/5YR	20-DEC-10	20-DEC-15	2,000			
HOUSING FINANCE MEDIUM TERM NOTE						
FXD (HFCK) 02/2012/7YR 2ND TRANCHE	22-OCT-12	14-OCT-19	2,969.10	13.000		
FR (HFCK) 2010/7YR	26-OCT-10	2-OCT-17	1,167			
FXD (HFCK) 2010/7YR	26-OCT-10	2-OCT-17	5,864	8.500		
I&M MEDIUM TERM NOTE						
FRN I&M-01/13/5.25	13-DEC-13	8-MAR-19	3,429	(182+2%)		
FXD I&M-01/13/5.25	13-DEC-13	8-MAR-19	226	12.800		
BRITAM MEDIUM TERM NOTE						
BRTB.BD.22/07/19-0037-13	22-JUL-14	15-JUL-19	6,000	13.000	350,000	4
UAP HOLDINGS MEDIUM TERM NOTE						
UAP.BD.22.07.2019	28-JUL-14	22-JUL-19	2000.00	13.000		
NIC MEDIUM TERM NOTE						
NIC.BD.09/09/19-0039-12.5	8-SEP-14	9-SEP-19	5514.00	12.500		
CIC INSURANCE GROUP LTD. MEDIUM TERM NOTE						
CIC.BD.2.10.2019	8-OCT-14	2-OCT-19	5000.00	13.000		
CFC BANK MULTICURRENCY FIXED MEDIUM TERM NOTE						
CFCB.BD.08/12/21-0042-12.95	15-DEC-14	8-DEC-21	5080.00	12.950		
CBA FIXED MEDIUM TERM NOTE						
CBAB.BD.14/12/20-0041-12.75	22-DEC-14	14-DEC-20	7000.00	12.750		
EABL FIXED MEDIUM TERM NOTE						
EABB.BD.19/03/18-0043-12.25	23-MAR-15	19-MAR-18	9047.35	12.250		
CHASE BANK FIXED MEDIUM TERM NOTE						
CHBD.BD.02/06/22-0044-13.5	10-JUN-15	2-JUN-22	4822.40	13.250		

Weekly Kenya Treasury and Infrastructure Bonds

BONDS LISTED AT THE NAIROBI SECURITIES EXCHANGE — AUG 14, 2015

	ISSUE DATE	MATURITY DATE	ISSUED VALUE IN MILLIONS	COUPON (%)	AV. TRADED YIELD (%)	TOTAL VALUE(KSH)	NUMBER OF TRADES
TWO YEAR BONDS							
FXD 3/2013/2YR	26-AUG-13	24-AUG-15	17,927.40	12.939			
FXD 4/2013/2YR	24-DEC-13	21-DEC-15	25,251.00	11.553			
FXD 1/2014/2YR	24-MAR-14	21-MAR-16	20,000.00	10.803			
FXD 2/2014/2YR	26-MAY-14	23-MAY-16	20,130.15	10.793			
FXD 3/2014/2YR	25-MAY-15	22-MAY-17	20,223.35	10.890			
FXD 1/2015/2YR	23-FEB-15	20-FEB-17	23,592.55	11.470			
FXD 2/2015/2YR	29-JUN-15	26-JUN-17	7,194.56	12.629	10.0400	6,000,000	3
FIVE YEAR BONDS							
FXD 2/2010/5YR	30-NOV-10	23-NOV-15	14,973.10	6.671			
FXD 1/2011/5YR	31-JAN-11	25-JAN-16	22,083.10	7.636			
FXD 1/2012/5YR	28-MAY-12	22-MAY-17	31,079.55	11.855			
FXD 1/2013/5YR	29-APR-13	23-APR-18	20,240.75	12.892			
FXD 2/2013/5YR	1-JUL-13	25-JUN-18	26,340.05	11.305			
FXD 3/2013/5YR	25-NOV-13	19-NOV-18	14,937.80	11.952			
FXD 1/2014/5YR	28-APR-14	22-APR-19	25,540.95	10.870			
FXD 2/2014/5YR	23-JUN-14	17-JUN-19	16,418.25	10.934			
FXD 1/2015/5YR	29-JUN-15	22-JUN-20	5,566.41	13.193	13.2415	609,000,000	8
TEN YEAR BONDS							
FXD1/2006/10YR	27-MAR-06	14-MAR-16	3,451.05	14.000			
FXD2/2006/10YR	29-MAY-06	16-MAY-16	5,028.10	14.000			
FXD1/2007/10YR	29-OCT-07	16-OCT-17	9,308.80	10.750			
FXD1/2008/10YR	29-OCT-07	16-OCT-17	2,992.75	10.750			
FXD2/2008/10YR	28-JUL-08	16-JUL-18	13,504.70	10.750			
FXD3/2008/10YR	29-SEP-08	28-SEP-18	4,151.60	10.750			
FXD1/2009/10YR	27-SEP-09	15-APR-19	4,966.85	10.750			
FXD1/2010/10YR	26-APR-10	13-APR-20	19,394.15	8.790			
FXD2/2010/10YR	1-NOV-10	19-OCT-20	18,849.90	9.307			
FXD1/2012/10YR	30-JUN-12	13-JUN-22	16,803.75	12.300			
FXD1/2013/10YR	1-JUL-13	19-JUN-23	24,301.46	12.371			
FXD1/2014/10YR	25-MAY-15	26-MAY-25	5,063.88	12.180			
ELEVEN YEAR BONDS							
FXD1/2006/11YR	25-SEP-06	11-SEP-17	4,031.40	13.750			
TWELVE YEAR BONDS							
FXD1/2006/12YR	28-AUG-06	13-AUG-18	3,900.95	14.000			
FXD1/2007/12YR	28-MAY-07	13-MAY-19	4,864.60	13.000			
FIFTEEN YEAR BONDS							
FXD1/2007/15YR	26-MAR-07	7-MAR-22	3,654.60	14.500			
FXD2/2007/15YR	25-JUN-07	6-JUN-22	7,236.95	13.500			
FXD3/2007/15YR	26-NOV-07	7-NOV-22	17,568.00	12.500			
FXD1/2008/15YR	31-MAR-08	13-MAR-23	7,830.90	12.500			
FXD1/2009/15YR	26-OCT-09	7-OCT-24	9,420.45	12.500			
FXD1/2010/15YR	29-MAR-10	10-MAR-25	20,823.73	10.250			
FXD2/2010/15YR	27-DEC-10	8-DEC-25	13,513.10	9.000			
FXD1/2012/15YR	24-SEP-12	6-SEP-27	21,089.45	11.000			
FXD1/2013/15YR	25-FEB-13	7-FEB-28	40,886.33	11.250			
FXD2/2013/15YR	29-APR-13	10-APR-28	17,385.85	12.000			
TWENTY YEAR BONDS							
FXD1/2008/20YR	30-JUN-08	5-JUN-28	20,360.95	13.750			
FXD1/2011/20YR	30-MAY-11	5-MAY-31	9,365.80	10.000			
FXD1/2012/20YR	26-NOV-12	1-NOV-32	43,082.72	12.000	13.8000	100,000,000	2
TWENTY FIVE YEAR BOND							
FXD1/2010/25YR	28-JUN-10	28-MAY-35	20,192.50	11.250			
THIRTY YEAR BOND							
SDB 1/2011/30YR	28-FEB-11	21-JAN-41	23,888.95	12.000	15.9927	50,000	1
INFRASTRUCTURE BONDS							
IFB 1/2011/12YR	3-OCT-11	18-SEP-23	43,447.35	12.000	14.2500	4,050,000	2
IFB 1/2009/12YR	23-FEB-09	8-FEB-21	19,726.85	12.500			
IFB 2/2009/12YR	7-DEC-09	22-NOV-21	18,897.65	12.000	11.0000	1,700,000	1
IFB 1/2010/8YR	1-MAR-10	19-FEB-18	15,908.05	9.750			
IFB 2/2010/9YR	31-AUG-10	19-SEP-19	32,871.55	6.000			
IFB 1/2013/12YR	30-SEP-13	15-SEP-25	38,841.68	11.000			
IFB 1/2014/12YR	27-OCT-14	12-OCT-26	35,060.55	11.000	11.0000	800,000,000	2
IFB 1/2015/12YR	30-MAR-15	15-MAR-27	25,695.35	11.351	13.2004	236,400,000	18

MARKET DATA

Global Markets & Currencies

Currencies

Kenya Shilling

CURRENCY	BUY	SELL	MEAN
US DOLLAR	102.15	102.35	102.25
STG POUND	159.43	159.78	159.60
EURO	113.87	114.11	113.99
SA RAND	7.95	7.97	7.96
KES / USHS	34.63	34.90	34.77
KES / TSHS	20.76	20.90	20.83
KES / RWF	7.08	7.16	7.12
KES / BIF	15.04	15.26	15.15
AE DIRHAM	27.81	27.87	27.84
CAN $	78.21	78.39	78.30
S FRANC	104.58	104.89	104.74
JPY (100)	82.11	82.29	82.20
SW KRONER	12.04	12.07	12.05
NOR KRONER	12.43	12.48	12.45
DAN KRONER	15.25	15.28	15.27
IND RUPEE	1.57	1.57	1.57
HONGKONG DOLLAR	13.17	13.20	13.19
SINGAPORE DOLLAR	72.79	72.94	72.86
SAUDI RIYAL	27.23	27.29	27.26
CHINESE YUAN	15.96	15.99	15.98
AUSTRALIAN $	75.35	75.55	75.45

SOURCE: CBK

US Dollar

BACKGROUND	BID	ASK
EURO	1.12	1.12
JAPANESE YEN	124.14	124.15
BRITISH POUND	1.56	1.56
SWISS FRANC	0.97	0.97
AUSTRALIAN DOLLAR	0.74	0.74
SWEDISH KRONA	8.43	8.43
CANADIAN DOLLAR	1.31	1.31
CHINESE YUAN	6.39	6.39
NORWEGIAN KRONE	8.19	8.19
BOSNIAN MARK	1.77	1.77
DANISH KRONE	6.68	6.68
RUSSIA ROUBLE	64.86	64.90
TURKISH LIRA	2.84	2.84
ICELAND KRONA	131.43	131.74
INDIAN RUPEE	65.00	65.02
POLISH ZLOTY	3.75	3.75
CZECH KORUNA	24.17	24.22
HUNGARIAN FORINT	277.59	277.87
UKRAINE HRYVNIA	21.95	22.15
ISRAEL SHEKEL	3.77	3.78
ALBANIAN LEK	124.60	125.31
BULGARIAN LEV	1.75	1.75
SERBIAN DINAR	59.99	60.19
CYPRUS POUND	0.40	0.40
ESTONIAN KROON	11.70	11.71
GEORGIAN LARI	2.31	2.33
THAI BAHT	35.25	35.27
GIBRALTAR POUND	1.56	1.56
CROATIAN KUNA	6.75	6.75
KAZAKHSTAN TENGE	187.93	188.23
LITHUANIA LITAS	2.85	2.85
LATVIAN LATS	0.51	0.51
MOLDOVAN LEU	18.85	19.03
MACEDONIA DENAR	54.83	55.24
MALTESE LIRA	3.41	3.42
ROMANIAN LEU	3.96	3.96
SLOVAK KORUNA	21.55	21.60
SERBIAN DINAR	107.18	107.60
ARMENIAN DRAM	476.90	479.90
UAE DIRHAM	3.67	3.67
ANGOLAN KWANZA	125.40	126.40
BURUNDI FRANC	1,538.50	1,588.50
BOTSWANA PULA	0.10	0.10
CONGO FRANC	913.00	943.00
CAPE VERDE ESCUDO	98.60	99.70
DIJIBOUTI FRANC	177.00	178.00
ALGERIAN DINAR	104.51	105.47
EGYPT POUND	7.83	7.83
ETHIOPIAN BIRR	20.59	20.99
GHANAIAN CEDI	4.08	4.11
GAMBIAN DALASI	39.33	40.33
ERITREA NAFKA	14.93	15.43
GUINEA FRANC	7,000.01	7,500.01
KENYA SHILLING	102.15	102.35
COMORO FRANC	444.90	445.90
LIBERIAN DOLLAR	88.00	89.00
LESOTHO LOTI	12.81	12.84
LIBYAN DINAR	1.38	1.38
MOROCCAN DIRHAM	9.70	9.76
MALAGASY ARIARY	3,275.00	3,295.00
MAURITANIAOUGUIYA	315.00	327.74
MALAWI KWACHA	531.90	536.90
MOZAMBIQUEMETICAL	39.00	39.60
NIGERIAN NAIRA	198.86	199.34
RWANDA FRANC	705.00	714.00
SC RUPEE	12.62	13.26
SUDANESE DINAR	200.02	201.02
SUDAN POUND	2,025.50	2,035.60
ST HELENA POUND	1.56	1.56
SIERRALEONLEON	4,600.00	4,676.00
SAO TOME DOBRA	21,274.00	22,592.00
SOMALI SHILLING	660.00	667.00
SWAZILAND LILAGENI	12.81	12.85
TUNISIAN DINAR	1.95	1.95
TANZANIA SHILLING	2,120.00	2,130.00
UGANDA SHILLING	3,540.00	3,550.00
CFA FRANC	587.09	595.09
CFA FRANC	587.35	592.35
MAURITIUS RUPEE	35.30	35.60
SOUTH AFRICA RAND	12.82	12.83
ZIMBABWE DOLLAR	378.00	381.00

Global Indexes

INDEX (REGION/COUNTRY)	DAILY CLOSE	CHG	% CHG	YTD % CHG	52 WEEK HIGH	LOW	% CHG	3-YR % CHG
GLOBAL								
THE GLOBAL DOW (WORLD)	2,501.26	-0.38	-0.02	UNCH.	2,639.52	2,378.15	-2.8	10
THE GLOBAL DOW EURO (WORLD)	2,116.55	11.41	0.54	8.7	2,305.98	1,752.10	16.9	13.9
DJ GLOBAL INDEX (WORLD)	323.43	0.004	0.001	0.8	341.62	301.71	-0.9	9.6
DJ GLOBAL EX U.S. (WORLD)	225.60	0.28	0.12	0.2	248.65	217.05	-7.5	5.3
ASIA PACIFIC								
DJ ASIA-PACIFIC TSM (ASIA-PACIFIC)	1,441.60	2.19	0.15	1.1	1,619.39	1,384.31	-5.6	5.7
ALL ORDINARIES (AUSTRALIA)	5,389.00	5.5	0.1	0.01	5,954.80	5,131.00	-2.8	7.7
S & P/ASX 200 (AUSTRALIA)	5,387.90	5.8	0.11	-0.4	5,982.70	5,152.30	-2.9	7.9
DOW JONES CHINA 88 (CHINA)	301.66	3.04	1.02	1.9	408.69	185.09	59.9	15.6
SHANGHAI COMPOSITE (CHINA)	3,954.56	68.24	1.76	22.3	5,166.35	2,195.82	79.2	22.8
HANG SENG (HONG KONG)	24,018.80	102.78	0.43	1.8	28,442.75	22,585.84	-3.2	6.1
S & P BSE SENSEX (INDIA)	27,549.53	37.27	0.14	0.2	29,681.77	25,999.34	5.5	16
JAKARTA COMPOSITE (INDONESIA)	4,584.25	104.76	2.34	-12.3	5,523.29	4,479.49	-11.1	3.8
NIKKEI 300 (JAPAN)	338.69	0.69	0.2	19.1	343.20	238.07	32	30.6
NIKKEI STOCK AVG (JAPAN)	20,595.55	202.78	0.99	18	20,868.03	14,532.51	34.5	32.3
TOPIX INDEX (JAPAN)	1,667.95	2.2	0.13	18.5	1,691.29	1,177.22	31.3	30.7
KUALA LUMPUR COMPOSITE (MALAYSIA)	1,621.62	11.69	0.73	-7.9	1,878.89	1,609.93	-12.9	-0.5
NZSX-50 (NEW ZEALAND)	5,737.69	-19.53	-0.34	3	5,957.85	5,062.41	13.3	16.9
KSE 100 (PAKISTAN)	35,937.33	44.56	0.12	11.8	36,228.88	27,774.43	26.1	34.1
PSEI (PHILIPPINES)	7,439.80	-55.63	-0.74	2.9	8,127.48	6,946.06	5.4	12.2
STRAITS TIMES (SINGAPORE)	3,091.78	30.29	0.99	-8.1	3,539.95	3,061.49	-6.2	0.3
KOSPI (SOUTH KOREA)	1,983.46	7.99	0.4	3.5	2,173.41	1,882.45	-3.9	0.9
COLOMBO STOCK EXCHANGE (SRI LANKA)	7,442.75	-29.15	-0.39	2	7,605.79	6,782.43	6.7	15.4
WEIGHTED (TAIWAN)	8,311.74	28.36	0.34	-10.7	9,973.12	8,283.38	-10	3.8
SET (THAILAND)	1,404.15	-4.17	-0.3	-6.2	1,615.89	1,404.15	-8.9	4.8
EUROPE								
STOXX EUROPE 600 (EUROPE)	386.69	3.7	0.97	12.9	414.06	310.03	16.8	12.9
STOXX EUROPE 50 (EUROPE)	3,332.60	22.48	0.68	10.9	3,591.47	2,781.33	13.2	9.3
EURO STOXX 50 (EURO ZONE)	3,516.15	31.74	0.91	11.8	3,828.78	2,874.65	15	13.3
EURO STOXX (EURO ZONE)	363.46	3.89	1.08	13.7	392.35	288.41	17.9	14.9
ATX (AUSTRIA)	2,452.84	38.47	1.59	13.6	2,681.44	2,032.13	8	6.1
BEL-20 (BELGIUM)	3,672.35	35.22	0.97	11.8	3,905.71	2,887.73	18.1	16.3
PX 50 (CZECH REPUBLIC)	1,027.50	5.05	0.49	8.5	1,058.40	901.30	5.3	3.7
OMX COPENHAGEN (DENMARK)	880.15	13.46	1.55	30.3	923.55	611.68	34.3	25.5
OMX HELSINKI (FINLAND)	8,528.07	149.32	1.78	9.9	9,374.42	7,010.83	15.2	16.7
CAC 40 (FRANCE)	4,986.85	61.42	1.25	16.7	5,268.91	3,918.62	18.6	13.3
DAX (GERMANY)	11,014.63	90.02	0.82	12.3	12,374.73	8,571.95	19.4	16.8
BUX (HUNGARY)	22,493.57	291.56	1.31	35.2	22,850.53	15,686.69	29.2	8.1
FTSE MIB (ITALY)	23,356.01	358.46	1.56	22.8	24,031.19	18,078.97	19.9	17.1
AEX (NETHERLANDS)	476.99	-0.43	-0.09	12.4	509.24	376.27	20.5	12.9
ALL-SHARES (NORWAY)	665.88	3.18	0.48	7.4	711.22	575.27	0.2	11.4
WIG (POLAND)	52,995.96	441.03	0.84	3.1	57,379.45	50,058.56	2.9	8.2
PSI 20 (PORTUGAL)	5,565.81	111.62	2.05	16	6,324.88	4,606.25	1.1	4.9
RTS INDEX (RUSSIA)	828.93	-2.64	-0.32	4.8	1,275.60	629.15	-32.7	-16.7
IBEX 35 (SPAIN)	10,947.90	67.8	0.62	6.5	11,866.40	9,669.70	6.3	15.7
SX ALL SHARE (SWEDEN)	526.70	6.47	1.24	11.1	564.90	405.51	20.4	16.6
SWISS MARKET (SWITZERLAND)	9,325.21	141.33	1.54	3.8	9,526.79	7,899.59	10.6	13
BIST 100 (TURKEY)	77,085.50	-1089.31	-1.39	-10.1	91,412.94	72,943.50	-0.6	5.8
FTSE 100 (U.K.)	6,568.33	-2.86	-0.04	0.03	7,104.00	6,182.70	-1.7	4
FTSE 250 (U.K.)	17,595.47	157.38	0.9	9.4	18,263.46	14,426.74	12.2	15.4
AMERICAS								
DJ AMERICAS (AMERICAS)	505.66	-1.14	-0.23	-0.3	524.44	464.33	2.6	11.8
MERVAL (ARGENTINA)	11,674.88	39.09	0.34	36.1	12,593.07	7,581.72	39.4	68.7
SAO PAULO BOVESPA (BRAZIL)	48,009.57	-378.48	-0.78	-4	61,895.98	46,907.68	-13.9	-6.7
S & P/TSX COMP (CANADA)	14,238.40	-101.13	-0.71	-2.7	15,657.63	13,705.14	-6.9	6.3
SANTIAGO IPSA (CHILE)	3,063.02	-12	-0.39	-3.2	3,377.92	3,018.91	-6.2	-9.9
IPC ALL-SHARE (MEXICO)	43,870.53	-161.85	-0.37	1.7	46,357.24	40,225.08	-2.1	2.8
CARACAS GENERAL (VENEZUELA)	15,373.59	-1.07	-0.01	298.4	15,580.47	2,397.72	532.8	291.4

SOURCE: WSJ MARKETS

Global Indices

NAME	LOCATION	LAST	NET.CHNG	PCT.CHNG	OPEN	HIGH	LOW	CLOSE
DJ INDU AVERAGE	NEW YORK	17,408.25	5.74	0.03%	17,401.64	17,481.78	17,341.34	17,402.51
FTSE EUROTOP 100	LONDON	3,044.61	-10.39	-0.34%	3,054.00	3,072.53	3,042.60	3,055.00
XETRA DAX PF/D	FRANKFURT	10,995.46	-19.17	-0.17%	11,010.50	11,093.07	10,981.77	11,014.63
CAC 40 INDEX/D	PARIS	4,966.42	-20.43	-0.41%	4,987.06	5,017.22	4,964.80	4,986.85
FTSE MIB/D	MILAN	23,277.93	-78.08	-0.33%	23,371.35	23,524.73	23,261.41	23,356.01
SMI PR/D	SWITZERLAND	9,353.69	28.48	0.31%	9,330.49	9,386.82	9,329.87	9,325.21
HANG SENG INDE/D	HONG KONG	23,991.03	-27.77	-0.12%	24,055.02	24,126.30	23,957.36	24,018.80
NIKKEI 225 INDEX	TOKYO	20,519.45	-76.10	-0.37%	20,518.36	20,605.46	20,484.67	20,595.55
ALL ORDINARIES	AUSTRALIA	5,360.01	-28.99	-0.54%	5,389.00	5,402.70	5,355.00	5,389.00
STRAITS TIMES/D	SINGAPORE	4,016.47	30.44	0.76%	3,991.51	4,021.97	3,988.52	3,986.03
SSE COMPOSITE/D	SHANGHAI	3,965.64	11.08	0.28%	3,976.41	4,000.68	3,939.84	3,954.56
S&P SENSEX/D	MUMBAI	28,067.31	517.78	1.88%	27,668.06	28,100.64	27,643.20	27,549.53

FTSE 100

NAME	LAST	CLOSE	NET.CHNG	PCT.CHNG
ANGLO AMERICAN/D	766.10	764.90	1.20	0.16%
ASSOC.BR.FOODS/D	3250.00	3228.00	22.00	0.68%
ADMIRAL GROUP/D	1445.00	1456.00	-11.00	-0.76%
ABDN.ASSET.MAN/D	341.60	340.10	1.50	0.44%
AGGREKO/D	1081.00	1080.00	1.00	0.09%
ANTOFAGASTA/D	577.50	572.50	5.00	0.87%
ARM HOLDINGS/D	934.24	918.50	15.50	1.69%
ASHMORE/D	262.90	260.50	2.40	0.92%
AVIVA PLC/D	512.38	510.50	1.50	0.29%
ASTRAZENECA/D	4254.50	4273.50	-19.00	-0.44%
BAE SYSTEMS/D	470.00	467.20	2.80	0.60%
BARCLAYS/D	274.50	275.55	-1.05	-0.38%
BRIT AM TOBACC/D	3731.50	3731.00	0.50	0.01%
BG GROUP/D	1075.50	1080.00	-4.50	-0.42%
BR LAND CO/D	872.00	863.50	8.50	0.98%
BHP BILLITON/D	1158.00	1152.00	6.00	0.52%
BUNZL/D	1862.00	1851.00	11.00	0.59%
BP/D	378.55	383.15	-4.60	-1.20%
BURBERRY GRP/D	1485.00	1484.00	1.00	0.07%
BT GROUP/D	455.66	454.35	1.35	0.30%
CARNIVAL/D	3480.00	3484.00	-4.00	-0.11%
CENTRICA/D	268.63	267.70	1.00	0.37%
COMPASS GROUP/D	1041.34	1037.00	5.00	0.48%
CAPITA PLC/D	1289.00	1284.00	5.00	0.39%
CRODA INTL/D	3125.00	3111.00	14.00	0.45%
CRH/D	1956.00	1963.00	-7.00	-0.36%
DIAGEO/D	1771.32	1762.00	9.00	0.51%
MAN GROUP/D	161.70	163.80	-2.10	-1.28%
EVRAZ PLC/D	96.60	95.40	1.20	1.26%
EXPERIAN/D	1158.00	1157.00	1.00	0.09%
FRESNILLO/D	674.50	669.50	5.00	0.75%
G4S/D	255.70	255.40	0.30	0.12%
GKN/D	302.30	304.90	-2.60	-0.85%
GLENCORE/D	177.20	176.80	0.40	0.23%
GLAXOSMITHKLIN/D	1405.83	1412.50	-7.00	-0.50%
HAMMERSON/D	686.50	681.50	5.00	0.73%
HARGREAVES LS/D	1172.00	1168.00	4.00	0.34%
HSBC HOLDINGS/D	559.37	561.00	-1.60	-0.29%
ICAP PLC/D	490.80	490.40	0.40	0.08%
IAG/D	540.37	537.50	3.00	0.56%
INTERCONT HOTE/D	2517.00	2518.00	-1.00	-0.04%
IMI PLC/D	1039.00	1039.00	0.00	0.00%
IMPERIAL TOBAC/D	3276.00	3288.00	-12.00	-0.36%
INTERTEK GROUP/D	2675.00	2672.00	3.00	0.11%
ITV/D	261.00	258.90	2.10	0.81%
JOHNSON MATTHE/D	2842.00	2847.00	-5.00	-0.18%
KAZ MINERALS/D	153.20	154.00	-0.80	-0.52%
KINGFISHER/D	370.50	370.40	0.10	0.03%
LAND SECS GROU/D	1323.00	1316.00	7.00	0.53%
LEGAL & GENERA/D	269.06	270.40	-1.30	-0.48%
LLOYDS BNK GRP/D	80.01	79.45	0.55	0.69%
MEGGITT PLC/D	500.50	500.50	0.00	0.00%
MARKS & SP./D	534.87	538.00	-3.00	-0.56%
MORRISON SUPMK/D	177.30	176.00	1.30	0.74%
NATIONAL GRID/D	870.10	867.20	2.90	0.33%
NEXT/D	7978.50	7935.00	45.00	0.57%
OLD MUTUAL/D	218.30	220.40	-2.10	-0.95%
PETROFAC/D	829.88	847.00	-18.00	-2.13%
POLYMETAL INT/D	456.50	453.10	3.40	0.75%
PRUDENTIAL/D	1541.00	1548.00	-7.00	-0.45%
PEARSON/D	1148.30	1151.00	-3.00	-0.26%
RECKIT BNCSR G/D	5992.00	5992.00	0.00	0.00%
ROYAL BANK SCO/D	340.30	338.70	1.60	0.47%
RDS 'A/D	1800.50	1821.50	-21.00	-1.15%
RELX/D	1086.00	1084.00	2.00	0.18%
ROYAL DTCH SHL/D	1813.34	1833.50	-20.50	-1.12%
REXAM/D	558.00	556.00	2.00	0.36%
RIO TINTO/D	2470.50	2459.00	11.50	0.47%
ROLLS ROYCE PL/D	800.00	798.00	2.00	0.25%
RANDGOLD RES./D	4061.00	4034.00	27.00	0.67%
RSA INSRANCE G/D	506.00	508.50	-2.50	-0.49%
SABMILLER/D	3296.50	3294.50	2.00	0.06%
SAINSBURY(J)/D	254.80	253.10	1.70	0.67%
SCHRODERS/D	2998.00	3006.00	-8.00	-0.27%
SCHRODERS NV/D	2282.21	2270.00	25.00	1.10%
SAGE GROUP/D	521.50	518.00	3.50	0.68%
SHIRE/D	5315.00	5280.00	35.00	0.66%
STANDARD LIFE/D	437.20	438.40	-1.20	-0.27%
SMITHS GROUP/D	1198.60	1201.00	-7.00	-0.58%
SMITH&NEPHEW/D	1174.00	1181.00	-7.00	-0.59%
SERCO GROUP/D	122.80	122.50	0.30	0.24%
SSE PLC/D	1547.00	1547.00	0.00	0.00%
STANDRD CHART /D	864.30	870.10	-5.80	-0.67%
SEVERN TRENT/D	2160.00	2161.00	-1.00	-0.05%
TATE & LYLE/D	546.00	544.50	1.50	0.28%
TULLOW OIL/D	214.70	217.50	-2.80	-1.29%
TESCO/D	203.40	202.00	1.40	0.69%
UNILEVER/D	2804.00	2820.00	-16.00	-0.57%
UNITED UTIL GR/D	886.20	883.00	3.50	0.40%
VEDANTA RES/D	479.20	480.00	0.00	0.00%
VODAFONE GROUP/D	239.05	239.45	-0.40	-0.17%
WEIR GROUP/D	1465.00	1486.00	-21.00	-1.41%
WOLSELEY/D	4217.00	4214.00	3.00	0.07%
WPP PLC/D	1423.00	1429.00	-6.00	-0.42%
WHITBREAD/D	5220.00	5185.00	35.00	0.68%
KENYA AIRWAYS/D	5.95	5.90	0.05	0.85%

LIFE

MANAGEMENT PERSONAL FINANCE

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Once you find out what motivates you as an entrepreneur, you are more likely to weather challenges. FILE

Motivations that drive people into entrepreneurship

CONTROL Business owners get to choose their partners, mentors, core team and employee hires

Entrepreneurs take major financial risks, work long hours and practically torture themselves trying to stay afloat and build a business from the ground up. If you think about it, it's a downright harrowing ordeal. Why would anybody want to go through with it?

It's because, despite the hardships of the experience, there are nuggets of joy and satisfaction that can be derived and, at the end of the tunnel, if you're committed enough, is a substantial reward. Those nuggets and rewards are different for everybody, but if you analyse it carefully, there are five main motivations that drive most entrepreneurs:

Money

The vast majority of entrepreneurs get into the game at least partially because of the potential to make lots and lots of money. Stories about entrepreneurial geniuses like Richard Branson and Mark Zuckerberg make it seem possible for any enthusiastic citizen with a good idea to become an overnight billionaire. This isn't exactly true, but any dedicated entrepreneur with a good idea and great timing can make a lot more money than they ever could in a traditional position. There's nothing wrong with pursuing money, but if the allure of wealth is the only thing driving you, you risk becoming frustrated if you don't turn a profit in the first few years.

Flexibility

Some entrepreneurs venture out on their own because they're tired of the demands of traditional work. In a high-level position, the demands are exceptional – working long hours, catering to the whims of your bosses and clients, and being stuck in the same old rut of responsibilities. Being your own boss in the world of entrepreneurship frees you from those restraints. You can work your own hours and set your own goals and responsibilities. Just be aware that entrepreneurship is extremely demanding, especially in the early stages of growth, so working your own hours doesn't always mean working fewer hours or working under less stress. In fact, many people find that they work harder, longer, and under tighter constraints as entrepreneurs than they did as workers – but it's still rewarding.

Control

The desire for control drives many entrepreneurs who aspire to attain a leadership position. When you're the boss of your own organisation, you'll get to call all the shots, from who gets hired and at what salary to what new strategic directions your business heads down.

Workers tired of their previous companies' poor performances, or those working under an inept CEO, might be especially motivated by this factor. Once rooted in a business, entrepreneurs have full control over every decision made under them. The flip side is, of course, the additional stress and pressure that go along with that responsibility. You'll get the privilege of setting the course for your business, but if that course fails, you'll have only yourself to blame.

Teamwork

Some people love working with others. They like the atmosphere of team-based creative problem solving, the interactions between mutually respectful, intelligent people, and the thrill of succeeding together. Some jobs offer direct supervisory or leadership roles, but there's nothing like building your own team from scratch.

As an independent entrepreneur, you'll choose your strategic partners, your mentors, your core team and even your first round of subsequent employee hires. That means you'll get to pick the skill sets, talents and personalities you want to work with, and you'll never have to worry about working on a team that you don't like or can't be productive with. In some ways, your company's team will be like your family. Just remember that no family lives without occasional disagreements.

Legacy

Some entrepreneurs aren't in it for the money or the experience as much as they're in it for a lasting legacy. They might want to become the face of a brand and earn a taste of fame along the way. They might want to leave behind something that appreciates them. They might even want to pass the business on to a future generation. The point is, they want to create something meaningful that's going to outlast them. This motivation is one of the strongest for entrepreneurs, because it can't be achieved in any other application, and it lasts a lot longer than money or experience.

Which of these motivations drives you the most? Hopefully, you're motivated by more than one of them — the more driven you are, the less intimidated you're going to be when the inevitable challenges pop up along your journey. Before you dive into the world of entrepreneurship,understand your own motivations before you get involved; you'll find yourself more satisfied in the long run.

Measures that small businesses can undertake to prevent fraud

Owners of small businesses should take interest in bookkeeping and review financial reports often. FILE

BY MUMBI WAWERU

The business environment has grown from simple to complex, financial transactions have become more complex and fraudsters have become smarter to system manipulations.

Did you know small businesses are at a higher risk of fraud than large organisations? While most business face similar threats of economic changes, competition or human resource, small business prove to be more susceptible to fraud due their informal nature, fewer staff – resulting to less oversight – or lack of appropriate prevention measures.

Fraud is defined as any intentional act or omission designed to deceive others and resulting in the victim suffering a loss or the perpetrator achieving a gain. According to the Association of Certified Fraud Examiners, most occupational fraud falls into three categories: Asset misappropriation, whereby an employee misuses company assets; corruption, in which an employee accepts a bribe; and financial statements, in which the employee "cooks the books" for a healthy bottom line. Regardless of the nature of the fraudulent activity, the propensity for loss is tremendous.

Fraud can be viewed in two broad categories: internal and external. Internal fraud is mostly associated with employee theft – from lost inventory to unethical accounting practices and the theft of actual financial assets.

External fraud is much broader. It may come from customer theft though use of bad cheques, stolen credit cards or counterfeits bills or through collusion with third parties on overbilling of goods or advanced fees.

While insurance is one way of protecting your business there are more ways small business owners can protect themselves. Here are some of the measures:

Take interest in the books.

Often owners of small businesses concentrate on growing the venture and have the employees work the books. We have even heard them tell book keepers, "You are in charge of the books. I don't want to know the details unless there is a problem."

This attitude is present in most fraud cases perpertrated against small businesses. Controlling your cash is the most important aspect of your business and the easiest to scheme. Take interest in understanding how cash is received, recorded, deposited and used to pay vendors. AReview financial reports on a periodic and random basis.

Separation of duties.

You will find many small owners being the "jack of all trades". I recall visiting a family-owned business that was selling water. You could not tell who was in charge of accounting, sales, inventory or book keeping. All seemed to participate in all functions. A fraud assessment revealed that the company was losing at least 10 per cent of its profits via cash skimming. Because responsibilities are shared in small businesses, duties should be restricted within the system.

Have an outside accountant.

Not every business owner is trained on accounting procedures and reporting. Are you able to understand what the "numbers" are telling you? You do not have to be an expert in every field but find an individual who can translate your company's performance. In a company where you rely on one or two employees to work on invoicing, accounting and billing it is advised to have a "third" eye on your financials.

Employee hiring.

When searching for a new employee or external contractor, do your homework and know who exactly you are hiring. Today, fraudsters come in many forms and tend to be patient with their plans. In addition, business owners should ensure policies and procedures around fraud and theft are communicated to an employee at hiring. Your policies should clearly state the definition of "fraud" or "theft" and the consequences of violating these policies.

Book keeping.

One of the key challenges with small businesses is book keeping. Most entrepreneurs seem to concentrate on how much money is coming into the business and ignoring the expenses. Ensure there is adequate documentation to support transactions, accounting reports and statements.

Mumbi *is a business and financial advisor at Anchorage Limited. waweruj@anchorage.co.ke*

The most successful job interview tactic

Having coached the full range of job seekers, from entry-level candidates to C-suite executives, I learned the one job interview tactic that makes the difference between success and failure. This same tactic works for coaches and consultants who want to build a larger practice, secure more clients and do it more quickly.

The true genius of this tactic comes from Anthony Parinello, the author of the best-selling book *Selling to VITO: The Very Important Top Officer*. Tony has written about this technique as the foundation of successful selling to executives at the top of their organisations.

The common thread between selling to CEOs and interviewing for a job is this: Who you think you are is the key to success (or failure).

Success is not in the hands of the person with whom you are speaking, nor is it in the product, service or skill set you believe you represent.

Per the Carnegie Institute of Technology, 85 per cent of the decision to hire you is based on your personal traits. Only 15 per cent of the decision is based on your skills, experience or proof that what you do is better than other people who are competing for the position.

How does the interview or potential client learn about or experience your personal traits? Largely through how they see you relate to yourself.

Self-respect, self-worth and a self-positive attitude are what you must convey in an interview. Why?

Your attitude about yourself is like a cold. It's contagious.

If you believe you that you are lucky to have the interview, you are likely to lose the job or the deal. If you believe the recruiter, hiring manager or prospective client is lucky to have the interview: you are likely to lose the job or the deal.

If you see the interview as a meeting of two people with equal business stature – you are going to succeed.

Of course this does not mean that you can do the same work as your interviewer or prospect. Why would they need you to do that?

Equal business stature simply means you share the same profound interest in successfully accomplishing the goals of the job. It means you are someone who is bringing a solution-oriented mindset, resourcefulness, ingenuity, and commitment.

See the next interview you have as an exchange of like-minded people, equally interested in addressing the challenges of the position that needs to be filled. Don't court, cajole, or toady; don't undersell or overpromise.

Show up ready to engage in a business conversation, where your focus is on the problems that need to be solved – not simply on what you have or haven't done in the past.

Simply put: show up ready to engage with clarity and confidence.

- ENTREPRENEUR

Attend job interviews with the mindset of providing solutions. FILE

Find ways of building bridges and being in right standing with people you need in life instead of putting up walls. FILE

Nurture the relationships you need

ADVICE Don't compete with the people you depend on; instead be an asset

CULTURE

SERAPHINE RULIGIRWA-KAMARA

Seraphine, I read your article on the Business Daily on August 10 and it inspired me. I am a victim of fear and currently in a situation where am trying to lay a career foundation through internship since I'm still studying. I live with a relative who is not supportive and feels am competing with his children. He has gone further to say he will not cater for my education anymore. I feel stranded and helpless since I'm an orphan, but I'm determined and have passion for what I do. What is your advise to me? Yours, Kamanda

Thank you for your email and kind words, Kamanda. Let us refer to your relative as Uncle Sam for today. One of two things is playing out in your situation. Either Uncle Sam is resentful about having to take care of you or you've knowingly or unknowingly antagonised him by doing or failing to do something or behave in a certain way. It would do both you and Uncle Sam a lot of good if you appreciated your relationship more objectively.

To begin with, Uncle Sam is not your parent. He took over your education because you are related, and for whatever reason he felt obliged to help you become independent. That is all. You probably live in his house, eat his food, wear his old clothes and acquire an education because of his effort. It was your late parents' responsibility to raise and educate you. Due to their absence, Uncle Sam has kindly agreed to shoulder this heavy responsibility that few people would. Allow me to share a a few views with you. They may sting a little but you do need to understand them if you are to improve your relationship.

You are not a priority. While you may feel that he is unfair to you in some ways, remember you are schooling at his expense. However rich Uncle Sam may be, you're taking up valuable space in his budget, his house and his mind. If it wasn't for you, he can count many other achievements he would have made by now.

Dependence means subservience. Your uncle made the helpful choice to care for you. This means that he reserves the right to "unmake" this choice. You are not in a position to dictate how he conducts himself towards you. Anything you do or do not do that even remotely insinuates that you feel a sense of entitlement to his care will only hurt your position.

You're not a victim. You're an orphan. So am I and countless other people. Kamanda, I was 15 when I was in your shoes. Your parents' demise is part of nature. Death is a result of the immutable universal law of rhythm; we are born, we grow and we die. It's not misfortune, it's not a curse, you're not unlucky and your maker doesn't love you any less than He loves others. You were born with plenty more than adequate intelligence to turn this or any other situation in your favour. Here are six steps on how you're going to do that.

Make amends. Request a moment of Uncle Sam's time to re-establish a good relationship with him whether or not you feel like doing it. Openly recognise how much he has helped you and thank him for it. You will score extra brownie points if you apologise for your failure to acknowledge the sacrifice he is making. Life is not so much about being right. It's about being in the right standing in the relationships you need.

Become a significant asset. Because you are taking up space in his house, budget and mind, go an extra 10 miles to make it worth his while. You want Uncle Sam happy to help you, not grudgingly paying your way through school while counting the days until you get a job and get out of his life. Make yourself useful around. It doesn't matter what his children are doing or not doing. You have to rise above your age and grow up fast. This is how you earn your keep.

I cleaned the house, clothes, the car, cooked and so on. Become his indispensable right arm: carry his bags, charge his gadgets, clean his shoes, run errands nobody likes to run. Be the one who gets up at 5am on Sunday to clean the car, wash and feed the dogs and clean the kennel. For now, this is how you show your gratitude at this time and gratitude keeps you connected to your source of supply. People do not cast away useful people. They keep them close and pay or help them in other ways.

Focus and excel. You are in this place because you are being helped to become successful. That is what you need to focus on. Study and excel. This is your ultimate show of gratitude. Ensure the return on investment for him is worth the sacrifice he is making to see you through school. Even if you think he doesn't want to see you succeed, take it from me; he is waiting to take pride and even brag about helping you once you become noteworthy.

Nurture the relationship. Everybody has an ego begging to be stroked. Find ways in which Uncle Sam inspires you and let him know this. Go further request him to take you under his wing and mentor you."Uncle Sam, I am inspired by your personal discipline and work ethic. I'd like to learn to be like you. Would you guide me?" Expect that it will mean running a few errands for him and going places with him. Do it. You will bring the father in him to the fore for yourself and learn plenty.

Build a bridge and claim your independence. Being under Uncle Sam is temporary. It is only a stage you're going through on your way to a good life. Uncle Sam has already bought all the steel and concrete. Now put down the paper, roll up your sleeves and go build a strong bridge. It will be worth your while.

Seraphine Ruligirwa-Kamara is an expert on Attitude and Human Potential. Email: sera@iuponline.com

How to set long term goals for your startup

BY MATT WILLIAMS

If you're thinking about how to improve long term skills and goal setting, the answer truly varies based on your stage of career, experience and professional environment.

Whether you're at a startup, a large company or a venture capital firm, and whether you're a C-level executive, middle manager or entry-level employee, there are different lessons to learn and apply. It's also worth noting that over time, the goals you're setting will change, and your methods of reaching those goals will need to change as well.

Understand what goals matter the most to your company that you personally can affect and focus relentlessly on impacting them.

Focus on key quarterly goals

When it comes to goal setting at a pre-growth startup, I have had a lot of success using a few quarterly goals and focusing the team on no more than one to two major initiatives and four to eight smaller experiments throughout the quarter. This way, you can keep a small team focused on major projects, while allowing them to work creatively on minor projects that may develop into something more. Timing is never perfect but by evaluating the team's progress every 90 days, you should be able to assess what's working and what's not working.

Review goals consistently

And be ruthless about kicking to the curb those efforts that did not work and setting the next quarterly goals based on initiatives that did work. Block time in your calendar at least once each day for reviewing the quarterly goals and deciding where you should spend extra time that week to help the team. The mentality of driving to meet these goals trickles down to your team.

Seek trusted counsel

As for improving long term skills, I've found that at nearly every stage of my career it's been helpful to use a mirror. By that I mean seeking out trusted counsel and using the advice you receive to think critically about yourself and your leadership. Mentors and/or an executive coach can help in being that mirror as long as you can listen well and are committed to incorporating the feedback.

There are also certain situations in which you need to go back to your most personal mirrors: those who are closest to you and/or have a vested interest in your success. Speaking with these people can often help you assess whether "long-term skills improvement" means education, mentorship or a career change, among other actions.

- ENTREPRENEUR

The goals you set vary based on your stage of career, experience and professional environment. FIlE

Life: Law

Reasons your Twitter followers don't engage with your tweets

SOCIAL MEDIA

Use online platforms to build brand awareness and relationships

Most people and brands are not using Twitter correctly. Don't use Twitter to sell. Instead, use it to build brand awareness and relationships. Twitter can be a powerful branding tool when your audience engages with your tweets, and it can open the door to new contacts and relationships.

Here are five common reasons your Twitter followers don't engage with your tweets.

Your tweets don't provide value to your followers.

Your followers will quickly tune you out if they notice your tweets aren't providing any value. A large percentage of users are active on mobile, making it easy for them to quickly skim through their newsfeeds and pass on tweets that they assume aren't interesting, entertaining or helpful.

Think of the Twitter accounts you follow, but don't pay attention to. What is it that causes you to mentally block them out before you even attempt to engage with their tweets? Non-stop posts of food pictures? Gym selfies? Tweets that are always bragging or complaining? There are plenty of reasons. Provide value and you will experience engagement.

Your tweets don't trigger a response.

Statements don't typically warrant a response from your followers, unless they are controversial. What is the easiest way to get your followers to engage? Ask them a question. Yes, it is that simple.

You can craft your tweets around hot topics and breaking news to make them relevant. There isn't a single brand or industry that cannot use this strategy to improve engagement. You can even retweet industry news and ask a question. Including a simple "What do you think about this turn of events?" question gives your followers a reason to engage with the tweet.

Your tweets send mixed signals.

A lot of your followers are going to use your bio to determine whether they will follow you. It's important that your bio gives your followers a pretty good indication as to what they can expect from your tweets.

You don't engage back with your followers.

You have to be willing to give a little if you want to receive – and that means engaging back with your Twitter followers whenever possible. I constantly monitor my mentions and if someone takes the time to share some of my content and mentions my Twitter handle, then nine times out of 10 I'm going to shoot back a simple, yet effective, thank you tweet.

It's impossible to always acknowledge everyone, and some will undoubtedly slip through the cracks, but as long as you stay connected to your notifications, you shouldn't have a problem retweeting and replying to your followers. Even if you are strapped for time, a simple "Favorite" is enough to keep your followers engaged with your tweets.

Your tweets don't have clever and compelling images.

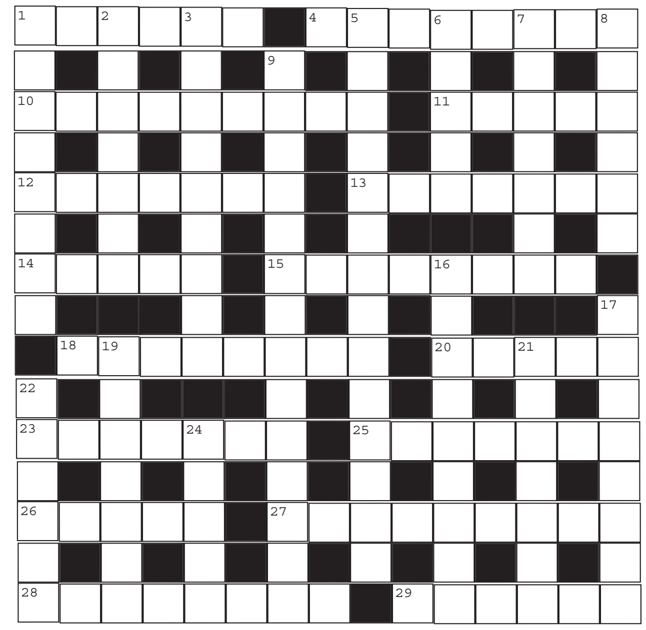
Including an image in your tweet will increase the engagement it receives – tweets with images average a 35 percent increase in retweets. Twitter is a micro-blogging platform – it can be difficult sometimes to draw attention away from all the other noise in the news stream with just text.

An image naturally draws more attention, so if it's creative or explains what the tweet is about it's going to receive more engagement.

- ENTREPRENEUR

Twitter can be a powerful branding tool when your audience engages with your tweets. FILE

TIMES CROSSWORD 24,928



Across

1 Given material for dress, girl shortly in is business (6)
4 Escape from aircraft, jet I once crashed (8)
10 Chamber, one that's high, said to be suffering from disorder (9)
11 Contribution made by one eccentric, about a penny (5)
12 Fellers and gals holding party back (7)
13 Fool in bare skin, with nothing on (7)
14 Losing old fruit in the cooker (5)
15 Obese little boy is beginning to tremble — he is resigned (8)
18 I wheel it out when a tactful comment is required (5,3)
20 Leave one's bed and dress (3-2)
23 With nothing to sing? That's close (7)
25 Wind, one that may be identical in direction (7)
26 Castles where criminals are beheaded (5)
27 Methodical design, or a shambles (9)
28 Prisoner has to attract scorn (8)
29 For the two of us, I received farewells (6)

Down

1 Showing signs of stress, having stroke, say, over in prison (8)
2 The rest, having told an untruth, confess (3-4)
3 For something to eat, feline swallows an entire limb (9)
5 Raise, near the boundary, garlic mustard (4-2-3-5)
6 Face 151 females (5)
7 Lacking respect, I am beginning to order Pope around (7)
8 Seeing zilch, losing heart (6)
9 Sort of woollen tapes, all at once ... (2,3,4,5)
16 ... became less heavy, and get held in, somehow (9)
17 Add nine extra pages (8)
19 Marx with acceptable weapon (7)
21 This port tastes extremely tolerable (7)
22 Stuff forming part of roof — a brick (6)
24 Two points ahead, girl produces result (5)

SUDOKU PUZZLE 055

How to play

Fill the grid so that every row, every column and every 3x3 box contains 1-9.
You solve the puzzle with reasoning and logic and not mathematical ability

8					6	3		
				2		5		1
	5			7	9			
5	8				7	1		3
2								6
9		6	3				4	8
			2	4			1	
4		9		3				
		8	7					4

FRIDAY'S SOLUTIONS

CODEWORD

Solution no. 3196

1	2	3	4	5	6	7	8	9	10	11	12	13
S	K	C	B	L	O	N	E	Y	U	P	D	R

14	15	16	17	18	19	20	21	22	23	24	25	26
V	W	H	I	F	M	Q	X	T	J	A	G	Z

WORD BUILDER

Solution no. 544

SOLUTION 544: doe, dog, doge, dole, ego, eld, gel, geld, god, gold, led, leg, lode, lodge, log, ode, ogle, ogled, old

WORD WHEEL

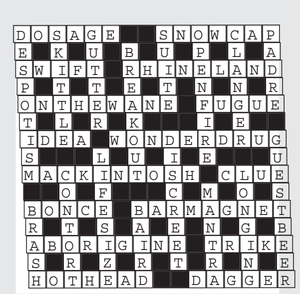
(Solution 531)
KNEECAPS

Quick Crossword 2303

Across:
1 Beak
4 Heir
8 Fool, (Be careful)
9 Flip-flops
11 Openly
13 Reverse
15 Scare
16 Eczema
18 Stodge
20 Career
22 Invalid
23 Latent
25 Gift horse
26 Lout
27 Dear
28 Fare

Down:
2 Eels
3 Kipper
4 Helped
5 Impose
6 Countered
7 Slay
10 Special
12 Asks
13 Raconteur
14 Verging
17 Airy
19 Entice
20 Cantor
21 Rip off
23 Lull
24

TIMES 25,927



SUDOKU 054

8	5	4	6	9	7	3	2	1
2	1	9	3	4	5	6	8	7
3	6	7	8	2	1	9	5	4
5	7	3	1	8	9	4	6	2
9	4	2	7	3	6	5	1	8
6	8	1	2	5	4	7	3	9
4	9	8	5	1	3	2	7	6
7	2	5	4	6	8	1	9	3
1	3	6	9	7	2	8	4	5

THE Business OF Sports

UEFA lodges complaint over alleged Platini smear campaign

DOSSIER Fifa asked to probe origins of article critical of soccer body's chief

European soccer's governing body have asked FIFA to investigate the alleged distribution from their headquarters of an anonymous heavily critical 'dossier' on UEFA president Michel Platini, German newspaper Welt am Sonntag reported on Sunday.

The existence of the dossier on Platini, who is hoping to replace outgoing FIFA president Sepp Blatter in February's election, has also been reported in the Swiss media.

Welt am Sonntag said the document, entitled "Platini - skeleton in the closet", was distributed out of FIFA's headquarters and paints an unflattering picture of the former France international and questions his suitability for the role of FIFA president. The newspaper said the dossier was sent "directly from FIFA headquarters in Zurich to newspapers with a request for publication, but without reference to the author".

They said UEFA general secretary Gianni Infantino had written to his FIFA counter-part Jerome Valcke to ask for an investigation of the dossier's creation and distribution.

"I can confirm that UEFA general secretary Gianni Infantino sent a letter of complaint to FIFA general secretary Jerome Valcke," a UEFA spokesman told Reuters.

UEFA president Michel Platini. AFP

"We have asked FIFA to investigate the origin of this article because we are concerned by the reports of an alleged smear campaign against the UEFA President.

"Copies of this letter were also sent to Cornel Borbely and Domenico Scala for ethics and transparency reasons."

Borbely, a Swiss attorney, is FIFA's independent chief ethics investigator and Scala is the independent chairman of FIFA's Audit and Compliance Committee and chairman of the ad-hoc election committee.

Neither were immediately available for comment while FIFA did not respond to a request for comment on the report. FIFA will hold an election on Feb. 26 to choose a replacement for Blatter who said in June he was standing down from his role in the wake of the corruption scandals that have hit the global soccer body.

Platini is the current front runner in the election but his relationship with Blatter has deteriorated badly.

In an interview with Dutch newspaper Volkskrant on Saturday, the 79-year-old Blatter said there was an "anti-FIFA virus in Nyon", the Swiss city which is home to UEFA.

Former FIFA vice-president Chung Mong-joon of South Korea, ex-Brazil player Zico, former Trinidad and Tobago midfielder David Nakhid and Liberian FA chairman Musa Bility have also said they are running in the election. Jordan's Prince Ali Bin Al-Hussein, beaten by Blatter in May's election, is considering another run while South African Tokyo Sexwale has also said he is weighing up whether to stand.

FIFA's corruption troubles came to a head in May when US prosecutors indicted nine soccer officials, most of whom had FIFA positions, and five marketing and broadcasting company executives over a range of alleged offences, including fraud, money-laundering and racketeering.

- Reuters

Froome says he can win five more Tours

Kenyan-born British professional road racing cyclist Chris Froome believes he can win five more Tours de France, making him a seven-time champion and the most successful rider in the history of cycling's greatest race.

The Briton, who celebrated his second Tour triumph last month, told the BBC he sees no reason why he cannot go past five-time winners Jacques Anquetil, Eddy Merckx, Bernard Hinault and Miguel Indurain.

American Lance Armstrong was stripped of his seven victories for drug use but Froome said: "I want to be a spokesman for clean cycling".

Asked if he felt he could win five more times, Froome said: "Why not? I'm 30, other riders have won Tours into their late 30s, potentially I've got another eight or nine years left. I'd love to keep racing until my late 30s, for as long as my body will allow me to. I'd like to think I could go back again for the foreseeable future, four or five years at least."

Talking about his latest win with Team Sky as he prepares to tackle a rare Grand Tour double in the Vuelta a Espana later this month, Froome said: "I don't think any sportsman should have to go through what we went through.

"I mean urine thrown at you, Richie Porte was punched, I was spat on by spectators. I don't believe that should happen.

"I'd love to have a conversation with these people and say to them: 'What's the issue here? Because I know there is nothing untoward about what I've done to get here'."

"I believe somebody has to stand up for the current generation. I'm happy to do that. If I can win the Tour de France clean then you can win any bike race clean."

Talking about the prospect of becoming a father for the first time later this year, he said: "I've got a little boy coming and I can't wait. It's going to be the biggest thing that has happened to me in my life so far.

"Bigger than any Tour de France win."

- REUTERS

Britain's Christopher Froome. AFP

SPORTS BRIEFING

Hong Kong tycoon Carson Yeung. AFP

Jailed Birmingham City boss Carson Yeung freed on bail

Birmingham City's jailed former owner Carson Yeung has been freed on bail in Hong Kong pending an appeal against his conviction for money laundering.

Yeung, 55, was jailed for six years in March 2014 in a case that gripped the southern Chinese city and fans of the English football club with its tales of unexplained dealings and financial transactions involving local businessmen and an alleged triad member.

Yeung was convicted on five charges of laundering HK$721 million ($93 million).

Yeung was freed by the Court of Final Appeal, the city's highest court, on HK$7 million bail and cash surety of HK$6 million.

He was ordered not to leave Hong Kong and report to police three times a week.

Yeung was charged in June 2011, two years after he bought the team.

He remains the largest shareholder in the club's holding company, according to the Hong Kong stock exchange website, despite resigning from all positions before the trial verdict.

Birmingham City – who were relegated from the Premiership in 2011– have been in talks with potential bidders over the past few years.

The hairdresser-turned-tycoon Yeung took control of Birmingham City in October 2009 in a $123 million takeover from David Sullivan and David Gold, now the co-owners of West Ham.

Adidas signs $200m deal with NBA superstar James Harden

German sports giant Adidas has agreed on a sponsorship deal with NBA superstar James Harden which was reported to be worth $200 million in a major blow to heavyweight rivals Nike.

The contract for the 25-year-old Houston Rockets star takes effect from October 1 and is understood to span 13 years. Adidas said it would not divulge the value of the long-term deal although American sports network ESPN claimed it was worth $200million.

"From the start of this partnership, Harden is going to play a role in the worldwide promotion of Adidas, which will coincide with the start of the new NBA season," said a spokesman.

"He will also have a key role in creating and developing a line of sports shoes and clothing."

Last year, Adidas announced a 10-year link-up with English Premier League giants Manchester United worth a minimum £750 million.

The OUTLOOK

ECONOMIC ANALYSIS & COMMENTARY *with Anzetse Were*

GROWTH Dualistic economy informs patterns of economic development in the country

Informal sector's data, policy gaps hinder economic plans

Kenya, like many other African countries, has a dualistic economy which informs patterns of economic development in the country. Although there are several forms of economic dualism, this article will focus on the formal versus the informal.

The formal sector of the economy comprises of activities that are largely captured in GDP statistics, tend to comply with legal and regulatory requirements (i.e tax compliance and implementation of labour laws, among others), offer jobs that are financially secure and tends to be the wealthier section of the economy.

However, the informal sector's activities are not always captured in official GDP figures, are often not officially registered, are not formally regulated, and do not necessarily meet legal operational requirements like tax compliance.

According to the Institute of Economic Affairs (IEA), Kenya's informal sector is estimated at 34.3 per cent and accounts for 77 per cent of employment.

Over 60 per cent of informal sector employees are youths aged between 18 and 35 years, 50 per cent of whom are women. In the East Africa region the sector is the source of 85 per cent to 90 per cent of all non-farming employment opportunities. According to other sources, the informal sector is no longer confined to low-skill artisan work.

A trader arranges his wares at Nairobi's Kamukunji jua kali sheds in June. Over 60pc of informal sector workers are youths aged between 18 and 35. SALATON NJAU

It now includes other areas such as ICT and related service enterprises. There are multiple implications of this formal versus informal dualism.

First, lack of clarity on the precise size of the informal sector translates to the absence of certainty on the size of the economy. Although the informal sector is said to contribute about 18 per cent of GDP, is this credible? Is it understated or overstated? The ambiguity means that Kenya does not really know how big the economy is; this then informs the accuracy of statistics such as the debt-to-GDP ratio, which provides useful information on the extent to which the country is leveraged.

This formal versus informal dualism also informs factors such as the ability of the country to move in one direction as policy focuses on the formal economy. Other issues include social protection; workers in the informal economy are generally not covered leaving them exposed. Quality assurance is an additional issue. The formal economy tends to comply with established standards and quality norms, but not the informal sector.

Some may meet industry standards while others do not. This has implications for consumer protection rights. Another issue is productivity. Most informal sector players cannot afford analysis which informs them of the enterprise's productivity, dragging down sector efficiency.

Then there is skills transfer. While the government may change curricula in universities, this does not truly affect the informal economy as 60-73 per cent of informal sector employees acquire their skills through apprenticeships.

So only the formal sector is likely to benefit from updates in curriculum. There are already implications to this dualism. For example, the number of apprentices in the informal auto mechanics sub-sector has dropped sharply because many of the "older" mechanics do not have skills to handle "newer" versions of injector engines.

While efforts are being made to formalise the sector, the reality is that there is limited incentive for the informal sector to do so. Formalisation is often an expensive process with registration fees, lawyer's fees, social insurance payments for employees, and taxes.

So what's the way forward? The informal sector should develop associations to update them on skills and allow for easier tracking of emerging training needs. Such associations should also allow for self-regulation, make it easier for interventions and facilitate easier monitoring and analysis.

Ms Were *is a development economist. email: anzetsew@gmail.com; twitter: @anzetse*

Asia shares on track for losses; crude oil slumps

Asian shares mostly fell on Friday and were on track for a steep weekly losses in the wake of China's surprise currency devaluation on Tuesday.

Crude oil futures plunged to 6-1/2-year lows after data revealed a big rise in US stockpiles.

Financial spreadbetters expected Britain's FTSE 100 to open flat to 1 point lower, Germany's DAX to open 7 to 14 points lower, or down 0.1 percent, and France's CAC 40 to open down 5 to 7 points, or 0.1 percent lower.

European shares are expected to have their biggest weekly loss in six weeks.

MSCI's broadest index of Asia-Pacific shares outside Japan reversed earlier gains to slip 0.2 percent, which left the index down 2.8 percent for the week.

Japan's Nikkei stock index ended down 0.4 percent, and was off about 1 percent for the week.

"This week's news from China has done some significant damage to overall sentiment in general, as the gains of the last two weeks have slowly dissolved," Michael Hewson, chief market analyst at CMC Markets in London, wrote in a note.

"The market's main preoccupation now is how much lower can the yuan potentially go in the coming weeks, and what effect will it have on price inflation in the coming months?"

The People's Bank of China on Friday set its midpoint yuan rate at 6.3975 per dollar prior to the market's open, firmer than the previous day's 6.401.

- REUTERS

GLOBAL MARKET WATCH

DJ INDU	FTSE 100	XETRA DAX	CAC 40	FTSE MIB	SMI PR	HANG SENG	NIKKEI 225	ALL ORD.	SSE COMP.	S&P SENSEX
17,408.25	3,044.61	10,995.46	4,966.42	23,277.93	9,353.69	23,991.03	20,519.45	5,360.01	3,965.64	28,067.31
5.74	-10.39	-19.17	-20.43	-78.08	28.48	-27.77	-76.10	-28.99	11.08	517.78

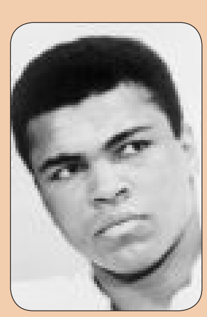
CURRENCY RATES

$:	102.25	TSh	20.83
€:	113.99	USh	34.77
£:	159.60	SAR	7.96

Market Activity

	LAST WEEK	PREVIOUS WEEK
MARKET CAP IN SH BN	2,129.70	2,106.73
TOTAL SHARES TRADED	112,809,800	264,439,600
EQUITY TURNOVER IN SH	2,996,099,904	6,163,489,699
BONDS TURNOVER	1,757,550,000	9,111,206,250
TOTAL DEALS (BONDS)	41	147
TOTAL DEALS (EQUITY)	8,147	7,360
NSE 20 SHARE INDEX	4,496.23	4,415.09
NSE ALL SHARE INDEX	152.09	150.45
PINEBRIDGE INDEX	789.89	783.14
FTSE NSE KENYA 15 INDEX	197.44	190.31
FTSE NSE KENYA 25 INDEX	196.62	188.92
FTSE NSE KENYA BOND INDEX	91.33	91.58
FTSE ASEA PAN AFRICAN INDEX	1,126.92	1,141.36

HE SAID



"The man who has no imagination has no wings."

–Muhammad Ali
Former Professional Boxer

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